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NEWS SUMMARY

GENERAL

UK to let Red Cross in Maze

The Government has agreed to an offer from the International Red Cross to visit Northern Ireland Prisons, including the Maze.

The Red Cross's aim would be to assess conditions and, if necessary, make recommendations.

A senior Northern Ireland official visited the Maze to tell all prisoners, including hunger strikers of the decision. Page 8

Police to get CS gas and bullets

HOME Secretary William Whitelaw confirmed in the Commons that CS gas and plastic bullets are to be made available to UK police forces.

He said they were for use in extreme need against rioters. He hinted there would be no fresh legislation this session to restore the Riot Act. Page 10; Back Page

Poland changes

Polish Communist Party Congress voted for revolutionary changes in the way it chooses a new party leader. Back Page

Israel attacked

Three people were killed and two dozen injured in Palestinian rocket attacks on Northern Israel. Israelis repeat warning to Syria, Page 4

France lifts ban

France is to lift an embargo on Libyan-ordered arms but will not sign new contracts while Libyan troops remain in Chad.

Dissident exiled

Dissident Irina Grivnina was sentenced in Moscow to five years internal exile for publishing allegations of Soviet abuse of psychiatry.

£105,000 robbery

Armed men robbed a security van of £105,000 in Cobham, *Surrey, but missed a bigger haul* in the van's safe.

Friends challenge

Friends of the Earth are to challenge the Metropolitan Police Commissioner's decision to include Sunday's "Save the Whales" march to Hyde Park among banned marches.

Drugs king jailed

Millionaire drugs king Alexander Sinclair was jailed for life and ordered to pay £1m prosecution costs for his part in the handless corpse murder.

U.S. spy charge

Former U.S. soldier Joseph Helmich has been charged with spying for the Soviet Union in the 1960s.

Vatican deficit

The Vatican expects a record deficit of L31bn (£13.6m) this *year, it was announced after a* cardinals' meeting.

'Banana republic'

Scotland is treated like a banana republic by VF Corporation, a U.S. company, which is haggling over workers jobs, says an offshoot of the War on Want charity.

Women barred

El Vino, a Fleet Street wine bar, will continue to refuse to serve women at the bar—they have to sit at tables, a judge at the Mayor's and City Court ruled.

Briefly . . .

HMS Alliance—oldest surviving Royal Navy submarine—will get £125,000 towards its preservation.

Many British beaches are seriously polluted with human excrement, says a report in New Scientist magazine.

BUSINESS

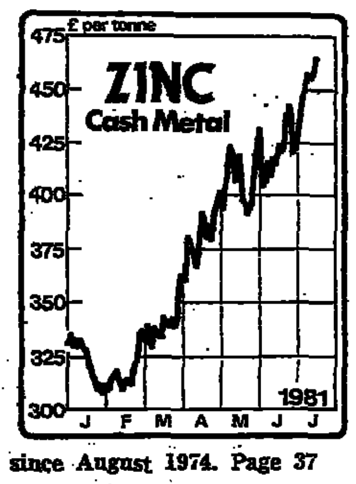
Sterling up 2.8c; $14 rise for gold

● STERLING improved, with a rise of 2.8c to $1.8905. It finished at FFr 10.825 (FFr 10.81) and DM 4.555 (DM 4.56). Its trade-weighted index rose to 92.40 (92.0). Page 30

● DOLLAR lost ground, reflecting a continued decline in Federal fund rates and Eurodollar rates. It finished at DM 2.4075 (DM 2.4470), SwFr 2.0675 (SwFr 2.0920) and Y230.5 (Y231). Its trade-weighted index fell to 110.4 (111.0). Page 30

● GOLD was up $14 at $415. Page 30

● ZINC cash price rose £6 to £465 a tonne, its highest level since August 1974. Page 37



● EQUITIES were encouraged by optimism over the BP rights issue. The FT 30-share index added 1.8 to 533.7. Page 38

● GILTS remained concerned over the course of international interest rates. The Government Securities index shed 0.18 to 64.09. Page 38

● WALL STREET was up 5.04 at 953.29 near the close. Page 36

● SOUTHWEST BANK of St Louis lowered its prime rate from 20½ per cent to 20 per cent.

● AVERAGE EARNINGS rate of increase is slowing down further, with pay rises agreed in industry around 10 per cent, leading to a fresh fall in real take-home pay. Back Page

● NATIONAL COAL BOARD pension funds abandoned their attempt to acquire Connecticut General Mortgage and Realty Investment Trust in the face of a higher offer from Prudential Insurance of the U.S. Back Page

● CANADIAN PACIFIC, the diversified transport and industrial group is buying Canadian International Paper from its U.S. parent, *International Paper*, for C$1.1bn (£488m) cash. Back Page

● HAMILTON OIL Great Britain's offer for sale of 20 per cent of its shares for £14m has flopped. Back Page

● CHURCHBURY ESTATES launched a reverse takeover bid for Law Land, whose chairman, Sir Henry Warner, dismissed the bid as "unacceptable." Page 23

● LONDON MERCHANT Securities chairman Lord Rayne told shareholders of Cambridge Petroleum Royalties that LMS's £17.5m bid for the company was "in no way predatory." Page 23

● BIRMID QUALCAST, foundry products, home and garden equipment maker, *suffered* a taxable loss of £1.81m for the 26 weeks ended May 2, compared with a surplus of £4.76m. Page 22; Lex, Back Page

● ASSOCIATED NEWSPAPERS Group pre-tax profits tumbled from £12.51m to £10.78m in the half-year to end March. Directors warned that second-half earnings "may well be lower." Page 22

● CAWOODS Holdings, the fuel distribution and building materials suppliers, finished the year to end March with pre-tax profits up slightly, from £13.4m to £13.52m. Page 26

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES		
Exchq. 3pc 1983	£91¼xd	+ 1⅞
Amal. Power	141	+ 32
Barclays Bank	448	+ 16
Braby Leslie	52	+ 4
Cawoods	218	+ 6
Churchbury Estates	720	+ 40
Commercial Union	185	+ 7
Cornell Dresses	180	+ 12
Currys	196	+ 16
Daejan	188	+ 6
Grais Shipping	£23	+ 2½
Grindlays Bk.	250	+ 28
Land Securities	346	+ 6
Law Land	118	+ 19
Lead Inds.	161	+ 5
Lloyd (F. H.)	41½	+ 5
Marks and Spencer	133	+ 6
NatWest Bank	412	+ 17
Ofrex	113	+ 6
Reed (Austin) A	90	+ 6
Ropner	224	+ 7
Wintrust	125	+ 5
Berkeley Expl.	353	+ 13
BP "New"	150	+ 6
Clyde Pet.	195	+ 25
Bond Crpn.	214	+ 14
Jo'burg Cons.	£34½	+ ½
Tanks Con.	302	+ 7
FALLS		
Forward Technology	84	− 7
Seltrust A	75	− 5

Anglo-Japanese links on communications technology discussed

BY GUY DE JONQUIERES

BRITAIN AND Japan are discussing proposals for collaboration in communications technology which could lead to Japanese companies investing in the UK for the manufacture of advanced new products.

The talks involved both Government authorities and private industry. They are still at an exploratory stage, but have identified three specific projects on which firm decisions *may* be taken later this year. These are:

● A trial by the British Post Office of low-cost facsimile machines developed in Japan. The machines, known as Minifax, are designed to provide a mass-market communications service linking offices and homes.

If the Post Office decided to order the machines in sizable quantities, arrangements could be made to produce them in Britain. Both Matsushita and Nippon Electric (NEC) have expressed interest in setting up plants, and the Government appears ready to provide financial support.

● A plan to extend co-operation between GEC-Marconi and Mitsubishi in supplying satellite earth stations. The two companies are already working together in Hong Kong and are studying the possibility of joint operations in other countries.

● Co-operation between British Telecom and Nippon Telegraph and Telephone (NTT) in research and development, particularly on advanced transmission systems. NTT, which operates Japan's telecommunications system, has also been holding talks with Bell Laboratories, the research arm of American Telephone and Telegraph, and a three-way link is possible.

In the longer term, Britain and Japan are discussing collaboration in developing advanced computers, and British computer service companies are seeking to expand their software (programming) business in Japan.

ICL, Britain's largest computer manufacturer, has also been holding separate talks with at least one big Japanese electronics company on collaborative ventures which could strengthen its product line.

The Industry Department is giving a high priority to forging a Japanese connection in electronic high technology. Mr Kenneth Baker, the department's Minister for Information Technology, visited Japan earlier this year and Sir Keith Joseph, Industry Secretary, plans to go there in the autumn.

Mr Gordon Manzie, a deputy secretary at the department, will lead a delegation to Japan before Sir Keith's visit and will seek to pave the way for concrete agreements on several collaborative ventures.

The Post Office is interested in Minifax as a way to expand its growing involvement in facsimile transmission. Its Intelpost service, launched last year, can send documents electronically at high speed between offices in 38 British cities and in the U.S., Canada and the Netherlands.

The Post Office is expected soon to accept 20 of the machines for trial, initially for its own internal communications. If they prove satisfactory, it may decide to market them directly to small businesses and residential customers.

NTT developed the machine with half-a-dozen Japanese companies and owns the patents on it. It is still awaiting official authorisation to start a Minifax service in Japan but has already approved the export of the technology to Britain.

The Minifax is small enough for a desktop and can be plugged into a telephone line. Once in mass production, it is expected to cost about £200 to manufacture, making it by far the cheapest facsimile machine in the world.

Japan has taken a lead in developing the technology of facsimile transmission, which reproduces electronically a copy of a document sent down a telephone line, because it is the most convenient way of copying the large number of characters in its national alphabet.

General Electric deal, Page 6

Recording equipment levy rejected

BY JASON CRISP

THE GOVERNMENT has rejected calls for a levy on audio and video recording equipment and blank tapes to compensate the record industry for lost sales through illegal home recording.

The decision, given in a long-delayed Green Paper on copyright published yesterday, was immediately strongly criticised by the record industry. It warned that Government failure to take action over home taping threatened thousands of jobs in the industry and would result in a reduction in the number of recordings.

The Green Paper warns that the record industry may have to reconcile itself to a situation where its revenues come mainly from broadcasting and other public performances, such as discos, rather than records or pre-recorded tapes.

It calls for tougher penalties for video and other copyright pirates and it also *wants* to make it a criminal offence to possess an infringing copy, "in the course of trade," which means it would become illegal to sell pirated videotapes.

The paper also calls for removal of copyright protection on the industrial design of purely functional parts in order to stimulate competition in the components industry. It says it is against manufacturers of machinery and motor vehicles using the copyright law as a means of stopping companies from making purely functional spare parts. Aesthetic design would still be protected by copyright and inventions by patenting.

Photocopying by individual students and libraries should be allowed to continue, says the paper. But it wants to impose tighter controls on the making of multiple copies of documents. It recommends that record producers should be entitled to a payment from hotels and holiday camps which play their records to residents.

Launching the Green Paper yesterday, Mr Reginald Eyre, Parliamentary Under-Secretary for Trade, said he hoped there would be a full discussion of the proposals. The Paper comes four years after a report on copyright law by a committee under Mr Justice *Whitford set up in 1973.*

Although plans to penalise video pirates were welcomed

Continued on Back Page
Proposals in detail, Page 9

Stone-Platt and Enkalon closures cost 2,000 jobs

BY RHYS DAVID

A TOTAL of 2,000 jobs are to be lost in a new round of textile-related closures announced yesterday by British Enkalon and Stone-Platt.

British Enkalon, which is 83 per cent owned by Akzo, the Dutch chemical group, is to close down its nAtrim plant in *Northern Ireland* with the loss of 1,300 jobs. Talks with the ment on possible financial assistance have failed.

In Lancashire Platt-Saco-Lowell (PSL), the textile machinery subsidiary *of the* troubled Stone-Platt group, is to concentrate its UK activities at its main factory in Accrington and will close down most of its Bolton plant with the loss of 700 jobs. The company closed its Oldham factory which had employed 850 people at the end of last year.

British Enkalon lost £9m last year, bringing total losses since 1975 to £23m. It announced in January that it would be ceasing to manufacture textile and industrial yarn and 800 of its 2,000 Antrim employees were given notice. Most of those 800 have now departed and just 1,300 are still employed at the Antrim plant.

The company said last year that it would seek to continue as a producer of carpet yarns if Government aid was forthcoming. But the Northern Ireland Office has been unwilling to agree to terms suggested by Akzo.

The group is believed to have offered to inject further money of its own in return for aid totalling about £17m and the cancellation of certain other obligations arising from previous Government grants and loans.

Mr Adam Butler, Northern Ireland Industry Minister, said the Government had offered the company exactly half of the £17m it needed.

Mr Roelof Schierbeek, the *factory's managing director*, yesterday blamed the recession, import penetration, and last year's high level of sterling for the closure. The same factors have been cited in various other *fibre closures in the* last year.

The UK fibre industry produced only 450,000 tonnes last year compared with 750,000 tonnes in 1973. Employment is less than half the 30,000 total two years ago.

British Enkalon said it had applied to delay the posting of its annual report and accounts for the year to December 31 1980 which had been prepared on the basis that the business would continue. The accounts would be redrawn.

Mr Schierbeek claimed that the rise in the value of sterling and high UK inflation had brought British Enkalon from being one of the most competitive companies in the Akzo group at the start of 1980 to one of the least.

Sterling was still 20 per cent higher than its level against the Dutch guilder early in 1980 and inflation was running at twice the Dutch level.

British Enkalon will run down its operations in the next month. It will supply UK customers from its plants on the Continent.

The move Platt-Saco-Lowell follow warnings from Stone-Platt in March that further reductions in costs and manufacturing capacity would be needed.

The company was forced last year to reschedule its borrowings after falling into technical default. In March a further refinancing deal was organised by a group of banks and institutions. The company has had to raise cash by selling assets to meet bank requirements.

Its profitable pumps division was sold last year to the U.S. company Indian Head for £11.5m and its ship's propellor business has recently been bought by the UK company Vacu-Lug Investments for £3.5m.

The main trading problems in the group have been in textile machinery. PSL is one of the world's leading suppliers of spinning equipment with plants in the UK, Spain and the U.S. The losses have been in the UK operation.

The group plans to move production of some items from Bolton to Accrington. Others will be made only in the U.S. as part of a strategy of concentrating the manufacture of different types of equipment at individual plants.

Mr Jim Mackinnon, the managing director of the Lancashire operation, *said yesterday* the company aimed to break-even by next year and to be in profit in 1983.

The company has been operating on 50 per cent short-time in *recent months but is* hoping to return to full-time working at Accrington in a few weeks. PSL says it has enough work to keep its Accrington plant occupied for five months.

Reaction, Page 8;
Lex, Back Page

£ in New York

	July 14	Previous
Spot	$1.8760-8789	$1.8650-8670
1 month	0.98-1.05 pm	1.03-1.10 pm
3 months	2.25-2.35 pm	2.36-2.41 pm
12 months	5.15-5.35 pm	5.15-5.35 pm

Curb excessive credit for oil takeovers, Fed told

BY PAUL BETTS IN NEW YORK

MR FERNAND St. GERMAIN, chairman of the influential U.S. House of Representatives Banking Committee, asked the Federal Reserve Board yesterday to take steps "to curb the excessive use of the nation's credit" to strengthen the wave of large takeover bids in the oil industry.

His move reflects the increasing political pressure on the Fed to restrict banks from making credit too easily available for takeovers of oil and gas companies.

In a letter to Mr Paul Volcker, chairman of the Federal Reserve, the Democratic chairman of the House Banking Committee, said it was questionable *whether credit facilities should* be used for oil and gas company takeovers, especially at a time of highly restrictive monetary policy.

He added that many sectors *of the U.S.* economy such as housing and small businesses were struggling because of severe credit limitations.

"These limitations are not shared by the huge oil companies, who desire funds for an *international game of monopoly*," Mr Germain said.

Oil and chemical companies have set up credit lines in recent weeks with syndicates of major U.S. and international banks for a total of more than $20bn (£10.6bn) to position themselves in the latest surge of takeovers.

The main target is Conoco, ninth largest U.S. oil company, which is at the centre of a large takeover battle.

Du Pont, Texaco, Seagram, Mobil, main contenders in the Conoco battle, have between them obtained bank credit lines approaching a total of $15bn. But other oil companies are believed to be planning substantial new borrowings to enter the developing sweepstake for U.S. oil and gas companies.

Should the Federal Reserve decide to intervene in oil company takeovers it would not be the first time it had tried to stop banks making so-called "unproductive loans" for takeovers or other speculative purposes.

As part of last year's credit package, put together jointly by former President Jimmy Carter and the Fed, the Central Bank asked commercial banks to refrain from making unproductive loans for speculative and non-investment purposes.

Mr Germain also urged the Fed last year to oppose bail-out of the Hunt Brothers in the silver price crash. The Hunts were eventually saved by a multi-billion loan from a group of banks led by Morgan Guaranty.

Concurrently with the political pressure on the Fed to restrict lending for oil takeovers, the U.S. Justice Department appears to be backtracking from its earlier relaxed approach to possible anti-trust *issues involved in major* takeovers of oil companies.

Lombard, Page 18

NEI in £26m takeover bid

BY IAN RODGER

Northern Engineering Industries, the Newcastle heavy electrical equipment manufacturer, is making a bid for all the shares of Amalgamated Power Engineering.

At 140p per share the bid, which was described as "unwelcome" by Amalgamated Power's directors, values the diesel engine, turbine and compressor group at £25.6m.

Northern said many of Amalgamated Power's mechanical equipment businesses complemented Northern's manufacture of electrical generating sets, and that both companies would benefit from the *acquisition.*

Mr H. A. Whittall, Amalgamated Power's chairman, agreed there were complementary aspects, but he added: "I prefer to be small, quick and nimble."

Both companies enjoyed strong profit recovery last year. Northern's profits before tax rose from £18.1m to £26m and Amalgamated Power's from £1.5m to £1.9m.

Both companies also made rights issues last spring, Northern to raise £28.8m and Amalgamated Power to raise £2.8m.

Northern said the terms of its offer — 140p in cash or five of its shares for every three *Associated Power* held — would not be increased.

Amalgamated Power's shares rose from 89p last Wednesday to a 1981 peak of 109p on Tuesday night and gained 32p yesterday to 141p following the announcement. Northern shares gained ½p to 83½p.

Northern did not hold any shares of Amalgamated Power before the bid, but its representatives were buying in the market yesterday.

Mr J. G. Ryder, Amalgamated Power's managing director, said a conversation took place between Mr Whittall and Northern a week ago but a bid was not mentioned

N. M. Rothschild and Sons is advising Northern and Hill Samuel is advising Amalgamated Power.

Details, Page 23; Lex, Back Page

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Italy's energy plan suffers another delay

BY JAMES BUXTON IN ROME

ITALY'S urgently-awaited energy plan, designed to reduce dependence on imported oil and meet the electricity needs of the late 1980s, has been delayed yet again.

Sig Giovanni Marcora, the new Minister of Industry, has decided to revise the plan completed by his predecessor, Sig Filippo Maria Pandolfi, just before he left office.

Sig Marcora has sent copies of Sig Pandolfi's plan to ENI, the state oil company, ENEL, the state electricity authority, and CNEN, the national nuclear energy committee, for their comments. He will then produce a definitive version of the document, he says.

The energy plan has suffered repeated vicissitudes as result of no less than six changes of Industry Minister in the past three years. Sig Pandolfi himself modified the draft plan which his predecessor, Sig Antonio Bisaglia, had presented to the Cabinet shortly before resigning last December.

The energy problem is one of the most important economic issues Italy faces today. Having only very small reserves of oil and coal, and modes resources of gas, it is dependent for 70 per cent of its energy needs on imported oil, nearly twice the average of other industrial countries.

It has only three operating nuclear power stations, though a fourth is under construction. No large new power stations of any type have been commenced since 1974. ENEL has argued that if no new power stations are begun soon, Italy will be 30 per cent short of electricity by the end of the decade

The importance of the energy plan is less for its detailed proposals than for the fact that once approved by Parliament it becomes as a document on which a degree of consensus exists.

This should make it less difficult for the Government, to persuade local authorities to accept the implications of the plan as it affects them.

Sig Pandolfi, in his six months as Industry Minister, tackled Italy's energy problems with an unprecedented urgency. He persuaded a number of regional governments to agree in principle to the siting of new power stations, including nuclear plants, and achieved the agreement of the nuclear industry on a single reactor type for Italy—the pressurised water reactor.

Sig Marcora has begun his term as Industry Minister with a similar display of urgency. He has achieved the agreement of all parties to the ending of a long-running dispute holding up the start up of a badly-needed 2,560 MW oil-fired plant near the mouth of the River Po.

His move in seeking further consultations on the energy plan springs in part from the perennial necessity for consensus. But any serious slippage could make necessary further revision of forecasts in the plan.

Vatican £13m deficit likely

BY OUR ROME STAFF

THE VATICAN expects a record deficit of L31bn (£13.6m) this year. This was announced yesterday at the end of a two-day meeting by a special council of Cardinals, called to examine the serious financial problems of the church.

The council, the first of its kind for more than 400 years, is to make proposals to Pope John-Paul on how to raise more funds to meet the Vatican's growing deficit. The proposals are likely to involve greater assistance from individual Roman Catholic churches.

The Vatican announced a deficit of L17bn for 1979, while it is believed that the 1980 deficit was about L25bn.

The basic problem is that costs are rising faster than income, despite the increased contribution from member-churches in the form of Peter's Pence.

The Vatican is also believed to have suffered losses of income due to the past mismanagement of investments.

Setback to Madrid bid to curb right wing

By Tom Burns in Madrid

THE Spanish Government's attempts to curb the extreme Right-wing are running into difficulties.

A district court yesterday released an army officer arrested three weeks ago on suspicion of plotting against the state and the military has apparently refused to co-operate with a wide probe into last February's attempted coup.

Sr Leopoldo Valvo-Sotelo, the Prime Minister, took a calculated risk earlier this month when he ordered that investigations into the coup bid should be widened to include all serving members of the police and armed forces who had taken part in February's seizure of Parliament.

More than 300 other ranks had been released in the wake of the surrender of the rebels and only officers were indicted.

The examining magistrate of the court martial which will hear the case against the rebels has turned down the prosecution's request for further indictments, however.

Although officials said it was possible a separate court martial might be appointed to try the other ranks, the prevailing impression in Madrid was that the Government had been rebuffed by the military jurisdiction.

A second blow to the Government's policy of getting tough with the extreme Right came when a civil court ordered the release of Major Ricardo Saenz de Ynestrillas and three civilians who had been remanded in custody since late June on the orders of the Interior Ministry.

The Ministry had exerted its full discretionary powers to continue the arrest of the four. Police claimed they were at the centre of an extreme right-wing plot which included the creation of para-military units and bombings and demonstrations timed to take place later this month.

Yesterday's developments, greeted with undisguised satisfaction by the Right, come at a tense time marked by the run up to fascist celebrations on Saturday—the anniversary of Gen. Franco's uprising at the start of the Civil War.

West German jobless forecast to reach 1.4m

BY STEWART FLEMING IN FRANKFURT

UNEMPLOYMENT IN West Germany is likely to continue to rise throughout the rest of this year to around 1.4m, compared with about 1.2m at the end of June, according to a forecast prepared by the West Berlin-based German Institute for Economic Research. The institute also expects it to go up further next year.

The forecast is in line with the recent analysis of the West Germany economy by the Organisation for Economic Co-operation and Development, which also predicted higher unemployment in 1982. It provides further evidence of the growing uncertainty about the outlook for West Germany in the second half of the year.

Hopes for an upswing in economic activity have been sinking in recent weeks and, in its mid-year economic analysis published yesterday, Commerzbank, the third largest commercial bank, concludes that a stabilisation of the economy at its current low level is to be expected at best.

Deutsche Bank, the largest West German bank, has also warned recently that demand levels in the economy suggest it is too early to conclude that the picture is brightening. It pointed out, for example, that the improvement in domestic orders in March and April reflected to a considerable extent a number of large contracts including a DM 2.4bn nuclear power station order with Siemens.

Moreover, the benefits from the upswing in foreign orders which has provided support for the economy in the first half are only expected to appear slowly in the level of economic activity and in the trade accounts the bank suggests. This is partly because a significant proportion of the orders are for long-term projects, and partly because a proportion of such orders will be subcontracted to overseas concerns.

Commerzbank, for example, while it suggests the peak in the current account deficit may have passed, does not anticipate any significant improvement in this year's overall current account deficit (DM 28bn last year) but says that hopes for an improvement must wait until 1982.

Several factors are dampening expectations about the performance of the economy. There are fears that the Bundesbank's high interest rate policy will have a growing impact on the economy especially since interest rates are likely to remain high for longer than most economists had been anticipating.

There is concern, too, that efforts to curb Government spending will also hit the economy, and employment in particular.

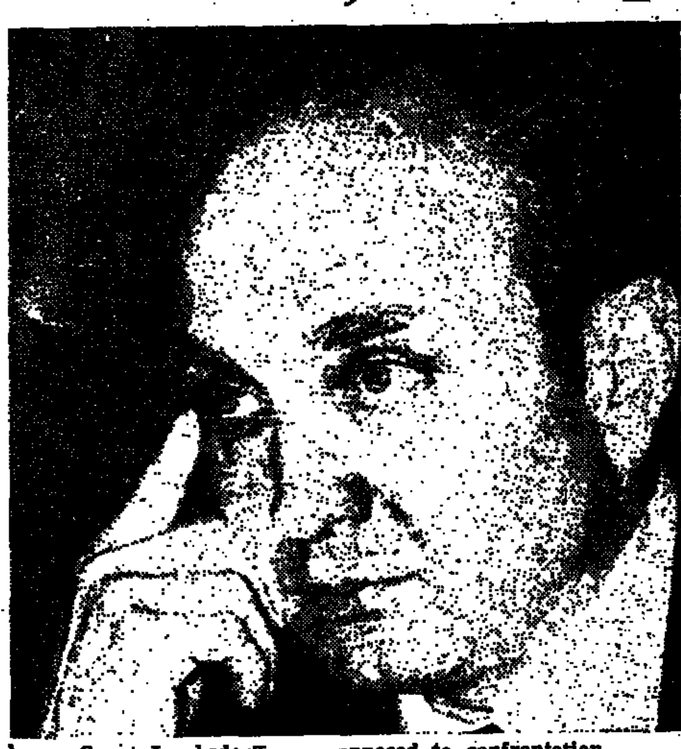
Jonathan Carr finds Count Otto Lambsdorff optimistic about the Ottawa summit

No confrontation, but a pattern of interests

IF THE U.S. announces next week at the Western economic summit conference in Ottawa that it is taking immediate steps to cut its high interest rates to help European economies pull out of recession, no one will be more astonished than Count Otto Lambsdorff, the West German Economics Minister.

Count Lambsdorff has a good chance of not being surprised since he has already seen a draft of the communique for Ottawa, diligently drawn up by the personal advisers of the leaders of the seven participating countries over the last six months or so.

But in a talk with the Financial Times this week, Count Lambsdorff made clear that even if the U.S. does produce a bolt from the blue, this will not absolve the West Germans from further great efforts to reduce their current account and public sector budget deficits. Only when these "fundamentals" are improved, can the West Germans expect a firm trend to lower domestic interest rates and the boost to economic activity that implies.



Count Lambsdorff . . . opposed to confrontation.

This does not mean that Count Lamsdorff, a member of the Free Democrat Party in the Bonn coalition, puts no question marks against U.S. financial and monetary policy. But his tone is markedly less sharp than that of some of his Social Democrat colleagues or of the public stance adopted — at least until very recently — by the French.

Count Lamsdorff said he has already asked the Americans to consider whether the burdens of their anti-inflationary policy are being fairly shared between the monetary and fiscal sides. But he was not inclined to become involved in any domestic arguments between the U.S. Treasury and the Federal Reserve. High U.S. interest rates have certainly brought problems for Europe. But the Europeans can scarcely criticise Washington having so long urged the Americans to bring down their inflation rate.

Count Lambsdorff could not understand talk he had heard—some of it at home—about the need to curb "erratic fluctuation" of the dollar. He could see no such erratic movement — at least, as defined at the first Western economic summit conference at Rambouillet in France. The dollar was simply moving steadily upwards. What was erratic about that?

While the West Germans, the French and Japanese will certainly again underline to the U.S. the economic consequences for others of high interest rates, Count Lambsdorff expects the British to be noticeably more reticent on the issue. Britain and West Germany will be putting some "unpleasant questions to our friends from Tokyo" on trade issues. And the U.S. and Canada are likely to have their energy pricing policies put under critical scrutiny by all five other conference participants.

There are also differences between some Europeans and the U.S. on East-West trade issues. Count Lambsdorff confirmed that the U.S. still has reservations about the proposed deal between the Soviet Union and the Federal Republic that barters natural gas against steel pipes. He did not think that these U.S. reservations that West Germany could become too dependent on Soviet energy could be easily removed. But he did not believe the U.S. would issue an ultimatum on the subject. The Bonn government approved this project and, if private industry and the banks reaches accord with Moscow as seems possible, then government-backed guarantees will be provided. The West Germans will go ahead with the business and that is that.

On one point, Count Lambsdorff was firm. "If it comes to developments in Poland which we neither wish nor expect, then the consequence will be a massive disruption of East-West economic relations. Everyone knows that very well — whether it is set down on paper or not".

If the communique is already almost complete, if the U.S. is going to stick to its interest rate stance and all participants seem unlikely to change their known positions on other topics —is it worth the effort and expense of going to Ottawa at all?

Count Lambsdorff is in no doubt that it is for three main reasons. The first is that of the seven leaders taking part, four are new to economic summitry. He did not know, for example, whether President Ronald Reagan has ever met President Francois Mitterand. Almost no one has met the new Italian Prime Minister, Sig Giovanni Spadolini. It is essential that these seven establish personal understanding and trust.

Secondly, it is clear that broad political topics, such as Poland, East-West relations and Namibia, will also be under discussion. It is conceivable that these issues might gain especial prominence as happened at last year's summit in Venice.

Finally, Count Lambsdorff said all participants need something from the conference which might help them at home. He did not specifically say so — but it is plain that the West Germans would like some kind of blessing from Ottawa for their plans to cut their budget deficit. Such plans will impose severe strains between the coalition partners. It would be doubly unwelcome for Chancellor Schmidt if he were to come under public pressure in Ottawa to indulge in more deficit spending, on the grounds that West Germany is relatively stronger than others and thus should do more to boost its economic growth rate. The message from Bonn is that "the locomotive theory" is dead beyond resurrection.

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France lifts ban on arms sales to Libyans

BY TERRY DODSWORTH IN PARIS

FRANCE'S new Socialist Government yesterday lifted the arms sales ban imposed on Libya following its invasion of Chad last December. All existing contracts in the armaments and other fields, would be carried out, the Government said.

The announcement of this policy reversal, however, was accompanied by a warning that France would not open new arms negotiations with Tripoli while Libyan forces remained in Chad.

According to a statement from the French External Relations Ministry, M Jean-Pierre Cot, Minister of Co-operation and Development, has told Mr Said Afiana, the head of the Libyan delegation in Paris, that France wants to see stability preserved in the countries surrounding Libya.

This condition meant that Libyan troops should withdraw from Chad, in line with resolutions passed at the Lagos conference in 1979, at Lomé in January of this year, and at Nairobi last month.

President François Mitterrand criticised his predecessor *during* the recent election campaign for arming Libya while French soldiers were in Chad, but the fulfilment of the present deal falls in line with previous Socialist commitments to honour outstanding arms contracts.

The Government's approach to the delicate problem of arms sales, which account for about 5 per cent of French exports, has been to say that any existing orders would go through, while potential new ones would be studied more closely.

In the case of Libya, whose contracts were frozen in February, the main outstanding orders concern 10 fast gunboats *worth about FFr 3bn (£277m)*, along with 30 Mirage aircraft and some helicopters.

On the civil side, the relaxation of the ban means that Elf-Aquitaine, the oil company in which the French Government has a 67 per cent stake, can now go ahead with its oil exploration contract announced at the height of the crisis with Chad.

While the French External Rerlations Ministry stressed yesterday that these moves had been undertaken with the aim of restoring economic contacts *between the two countries*, it said that political relations could not be "normalised" before the French Embassy in Tripoli was refurbished.

Strasbourg row may go to court

By Larry Klinger in Brussels

LUXEMBOURG may take the European Parliament to court over its decision to hold all full sittings in Strasbourg. ...

Mr Pierre Werner, Luxembourge's Prime Minister, said yesterday he did not exclude this possibility.

The Luxembourgers are determined to take action "by all means possible" after last week's vote by Parliament, in session at its now customary meeting place of Strasbourg, to continue to divide its time between committee work in Brussels and full-scale sittings in Strasbourg.

...The decision effectively excluded Luxembourg, which in past years has expected four to five full parliamentary sessions, Parliament's 2,000-strong secretariat staff is still sited there.

Parliament's number of sittings in the Grand Dutchy has been dwindling amually, with only one taking place there this year. Luxembourg *now feels it must make* a stand to protect its LFr 12.5bn (£153m) investment in EEC facilities.

Luxembourg wants the decision on Parliament's site (or sites) to remain firmly in the hands of the EEC Council of Ministers (where as a full member it has a veto). *It is* expected to ask the Court of Justice to confirm this position under European Community law.

W. GERMAN COMPANY ACCUSED OF ILLEGAL SALE TO PAKISTAN

Bonn charge over N-plant export

BY JONATHAN CARR IN BONN

A WEST GERMAN company has been accused by the Government of exporting without authorisation equipment to Pakistan wihch could be used for the manufacture of nuclear weapons.

The Economics Ministry here said that CES Kalthof of Freiburg had delivered equipment to convert uranium oxide into uranium hexafluoride. This operation is an essential preliminary step to the enrichment of uranium.

Uranium enrichment is required for the fabrication of nuclear fuel but is also necessary for the manufacture of a uranium-based nuclear weapon.

In a written parliamentary answer, the Ministry said it did not know the extent of Pakistan's facilities and know-how for uranium enrichment.

But it stressed that no request for an export licence had been made by the company, and none would have been given in view of the Government's concern to prevent proliferation of nuclear weapons.

Pakistan has not signed the Non-Proliferation Treaty (NPT), and has only one small research reactor which uses enriched uranium. A power reactor in Karachi uses un-enriched uranium.

Unauthorised export could be punishable by a fine of up to DM 500,000 (£107,500) of imprisonment, if such exports were shown to have strained West Germany's foreign relations.

The *parliamentary* question followed publication of a report in a West German weekly magazine, saying that such unauthorised export had occurred.

CES Kalthof, which is understood not to manufacture the equipment it exports, said after the report appeared that, to the best of its knowledge, it had sent no material abroad which was on the restricted list for nuclear technology. The list was agreed among the leading nuclear exporters, including West Germany.

In another development yesterday it was announced that West Germany and Egypt will shortly sign a declaration of intent on co-operation in the peaceful use of atomic energy. Egypt recently signed the NPT.

Part of the declaration envisages eventual delivery of two nuclear power-stations—with a total output of 2,000 MW—by Bonn to Cairo.

A Foreign Office spokesman stressed that both countries had signed the NPT. West Germany did not intend to export either uranium enrichment or spent nuclear fuel re-processing facilities under the new accord.

Poland urges pressure on banks over debts

BY ROGER BOYES

WESTERN governments should press commercial banks to speed up negotiations on rescheduling Polish debt *because the delay is aggravating* the country's already acute economic crisis. This view was advanced yesterday by Mr Zbigniew Karcz, Poland's main negotiator, in an interview with the Financial Times.

Mr Karcz said that Bank Handlowy, the national bank, had received a set of "draft principles" from European and U.S. banks on Tuesday but he stressed that the banks were still dragging their feet.

Although Western governments agreed earlier this year to reschedule capital and interest payments due to them *in 1981, the commercial banks* — some 450 of them — are still at odds about how to tackle Poland's hard currency debt.

The huge size of the debt (some \$15.1bn at the end of 1980 with \$3.1bn maturing this year), the large number of banks involved and the political problems of dealing with an indebted communist country have all served to push agreement well beyond the original target of June 30.

The delays, said Mr Karcz, were causing Poland three main headaches. In the first place, the Finance Ministry was under *pressure from other parts of the* Government to supply essential financial data so that industrial enterprises and whole sectors could adjust to the crisis.

Secondly, Poland had repaid some \$700m of short-term debt between February and June alone. Had an agreement been reached with the banks in the spring, soon after the Western Governments decided to reschedule, then that \$700m could have flowed into the economy. Poland would then, for example, have been able to introduce incentive schemes in the mining sector, and thus would have been abel to meet its coal production targets and its export commitments.

Finally, in the absence of a rescheduling agreement, many banks were reluctant to grant new credits

Poland fiercely rejected any suggestion—apparently emanat*ing from* U.S. banks—that a rescheduling accord be linked with the establishment of joint commissions to monitor the progress of the economy.

European security proposals drawn up

By David Tonge

WESTERN GOVERNMENTS have agreed on security proposals which they believe set the stage for a major conference on disarmament in Europe to begin in 1982. The proposals will be presented to the Soviet-Union in Madrid in the next few days, according to diplomats involved.

The West hopes that they will allow the long drawn-out 35-nation Madrid conference to review the Helsinki Final Act to be wound up by the end of this month. It was due to finish four months ago.

The proposals involve adding "adjacent sea and air space" to the European area covered by the Helsinki Final Act, according to unconfirmed reports from Bonn. The act includes confidence building measures such as notifying other signatories of certain military manoeuvres. ...

For the past five months the Madrid conference has been deadlocked over what area should be covered by a new agreement. In February, President Leonid Brezhnev said Moscow would extend the area covered from a line 250 kms inside the Soviet border to the Urals if the West made similar concessions.

But some western governments, in particular the U.S. had been resisting attempts to widen the western area involved.

The conference has made "*amazing progress*" on other areas such as easing commercial and economic contacts between East and West and a number of human rights issues, according to one participant.

It has also agreed that the first stage of a conference on disarmament in Europe should be held to extend the range of confidence building measures. Delegates in Madrid have agreed that measures should "militarily significant, verifiable and mandatory."

If they could also agree on the area covered by a new agreement then the expectation is that the Soviets would make some moves on a few remaining human rights issues as well as agreeing on a further review conference. This would prepare the ground for *the second major stage of* the disarmament conference.

Mitterrand's grand plan for devolving power takes shape

BY DAVID HOUSEGO IN PARIS

THE FRENCH Government yesterday launched what has been heralded as one of the key*note reforms of President* Francois Mitterrand's socialist administration with the approval by the Council of Ministers of the first of three Bills on decentralisation to be presented to the National Assembly.

The nub of the measures is a transfer of powers from the Préfet—who, since Napoleonic times at least, has been Paris's viceroy in the provinces—to local elected assemblies. At the same time the Préfet, now given the more diminutive title of Commissaire (Commissioner), is to be given more independence of Paris in the powers remaining with him.

The reform is close to the heart of M Mitterrand who believes, like many of his countrymen, *that France suffers* from too much centralisation which stifles local initiative and has adverse repercussions for the management of the economy. He has even referred to it as "the major task" of his presidency.

A change of such magnitude bristles with problems. It runs counter to the mainstream of French history, which has elevated Paris to a status in France enjoyed by no other capital city in Europe.

Moreover, the Socialists have in some ways made things more difficult for themselves by extending state control over the economy through their proposed nationalisation of private banks and key industries. Though the reform *is widely welcomed*, it is also being viewed with scepticism, not least by companies who tend to locate their headquarters in Paris and are reluctant to delegate to the provinces.

Still to be decided are the exact powers that provincial authorities will have at the three main levels of the French hierachy—the Commune, the Department (the main administrative unit) and the Region, grouping several Departments.

Other immediate problems are the financial resources of the provincial authorities; how to prevent regional disparities of wealth, from widening without intervention of the state in a way that would nullify the *reform; the claims of Corsica* and Brittany for greater regional autonomy; the dovetailing of a programme for greater devolution with the enhanced co-ordinating role now envisaged for the Ministry of the Plan; and not least the blow to the morale of the Préfets, who are amongst the elite of French civil servants.

For all these reasons the Bill presented to the Council of Ministers yesterday by M Gaston Defferre, the Minister of Interior and Decentralisation is butthe first step on a legislative trail *that could easily last* two years.

Its immediate effect would be to deprive the Préfets of their powers of supervision over *elected provincial authorities*. It is these powers, introduced under Napoleon, that have made elected local assemblies at the level of Commune, Département and Region, little more than cyphers in the hands of the Préfet.

Executive authority should in future rest in the hands of mayors and the presidents of the provincial assemblies in the Départements and Regions officers at the moment with often scant experience of administration and who have *looked tothe Préfet for approval* before acting.

The Préfet however, will still retain what could be important powers of being able to challenge judicially elected assemblies which have overstepped their brief.

There is no equivalent elsewhere in Europe tothe Préfetes who, both in their opulent style of living and as Paris's agents *in the provincesfi*, have enjoyed enormous powers. These extend over issues of law and order, political reporting, responsibility for administration in the 95 Départements, urban and rural development, public woks and infrastructure programmes and the *pattern* of regional spending. The Préfets have in turn often been kept on a tight leash by Paris.

The two additional measures *envisaged by M Defferre* as part of this massive restructuring of French society will set out what powers will be transferred to hte provincial assemblies and what will be rtained by Paris and its new "Commissioners" and the allocation of financial resources to the new provincial authorities.

M Mitterand summed up the devolution measures yesterday in saying that France needed a strong central Government to build itself up. "But France also needs a decentralisation of power to prevent disintegration."

OVERSEAS NEWS

Israelis repeat warning to Syria

By David Lennon in Tel Aviv

MR MORDECHAI ZIPPORI, Israel's Deputy Defence Minister, said yesterday that he hoped the Syrians "got the message Israel intended" when it shot down a Syrian jet over Lebanon on Tuesday. The warning was that Syria should not intervene in Israel's war against the Palestinian terrorists, he told Israel Radio.

The fighter was shot down south of Beirut when Syrian aircraft tried to intercept Israeli aircraft attacking Palestinian targets in Lebanon.

Mr Menahem Begin, the Israeli Prime Minister, said yesterday that Israel had reached "full agreement" with the U.S. on the problems which had arisen between Jerusalem and Washington after the Israeli attack last month on Iraq's nuclear reactor. He said it was now up to President Ronald Reagan to decide when to lift the embargo on the delivery of four F-16 aircraft which had been imposed following the raid. "They may come this week or next," he said.

Mr Begin also announced that he hopes to present his new coalition government to Parliament in less than two weeks, on July 27. The Premier said he was sure he could overcome any difficulties in coalition negotiations with his potential partners, the three minor religious factions.

Israel's Finance Minister, Mr Yoram Aridor, yesterday ordered an increase in the price of petrol, but said that he had kept the rise down to a moderate 6-13 per cent, in line with his anti-inflationary policy.

Israel's cost of living index rose by 39.4 per cent in the first six months of the year, it was announced yesterday.

Mr Aridor, who is expected to be re-appointed to the Treasury when the new government is formed, said that he intends to continue his pre-election policy of permitting only moderate price rises, because this had succeeded in reducing the country's triple digit inflation.

Opposition politicians, however, have accused the Minister of wild overspending in a one-sided and unbalanced attempt to bring down inflation by increasing subsidies on basic commodities and cutting purchase taxes on consumer durables.

After 21 months of civilian rule, the Lagos Government is in trouble, **Mark Webster** writes

Strains appear in Nigeria's cumbersome constitution

NIGERIA is in political ferment. In recent weeks one of the 19 state governors in the federation has been impeached for "gross misconduct," a two-party accord which gave the federal government a majority in the National Assembly has collapsed, and riots have broken out in the northern city of Kano after a dispute between the elected governor and the traditional ruler in the state.

Although the incidents are not directly connected, they go to the heart of the constitutional problems of the richest, the most populous and one of the most ethnically diverse states in black Africa. After 21 months of civilian rule, the government is struggling to make the complex U.S.-style presidential constitution work.

The bitterness of the recent disputes shows how difficult the government's task will be. The constitution was designed to strike a balance between the need for a strong federal Government and the political necessity of devolving as much power as possible to the 19 states. It attempted to reconcile the emergence of a modern society with the pulls of traditional authority. And it set out to unite the three major ethnic groupings—Fulani in the north, Ibo in the east and Yoruba in the west.

The latest round of political horse-trading has challenged the spirit of the constitution and added to the general feeling of drift in Nigeria over the past months. Observers in Lagos report that the federal Government has been unable (or unwilling) to control the political developments which many people feel are the first stage of a major political realignment before the 1983 elections.

Government inaction was also evident after the border clash with Cameroon in May, which left five Nigerian soldiers dead. The 120,000-strong Nigerian armed forces were outraged by the incident and there have been discontented noises from the soldiers, who handed over power to the civilians in October 1979 after 13 years in office.

In addition, the rapid decline in Nigeria's oil exports in response to a poor market since the beginning of this year has given rise to fears about the economy. Oil experts say Nigeria's crude oil exports are running at under half of last year's average of 2m barrels a day. Until now, Nigeria's robust finances have made President Alhaji Shehu Shagari's job considerably easier. If he has to start taking unpopular decisions, such as limiting imports as the military did in 1977, opposition to his administration could grow quickly.

The first casualty of the current political infighting has been the small People's Redemption Party, one of the five which contested the 1979 elections. It was billed as the party of the future because it offered an ideological rather than ethnic basis—it is radical socialist—but it is riven by its own internal disorder, and stunted by the opposition of traditional authority in the northern states where it has its power base.

The Redemption Party captured two gubernatorial seats in the elections—Kaduna and Kano. But by an electoral fluke it failed to win the majority of the seats in the Kaduna assembly, leaving its governor, the fiery Alhaji Balarabe Musa, unable to get any legislation passed.

For nearly 20 months, the state was paralysed as the governor, and the National Party of Nigeria which controlled the assembly, fought tooth and nail. The only way the National Party felt it could resolve the crisis was to impeach the governor for "gross misconduct," which is the only means the constitution allows for the removal of a governor or the president.

Most observers feel the impeachment was a serious distortion of the spirit of the constitution which clearly did not intend impeachment to be used for purely political ends. The matter has still not been resolved since the deputy governor, Alhaji Abba Rimi, has taken over and he also belongs to the Redemption Party.

Soon after the impeachment proceedings has been completed, there were riots in the city of Kano, 150 miles away, which is controlled by the other Redemption Party governor, Alhaji Abubakar Rimi. The riots were in response to an attack by the governor on the traditional ruler of the area, the Emir of Kano.

They were not directly related to the Kaduna impeachment, or to the Moslem fundamentalist riots in the city in December last year, but they did represent a clash between the progressive governor and the traditional authority, something which modern Nigeria will have to accommodate.

Many of the traditional rulers, although they have no legislative powers, still have a considerable following among the community.

However, the general feeling of outrage among the opposition parties at the way the Kaduna governor was impeached was used by the Nigerian People's Party as an excuse for formally ending its pact with the ruling National Party at national level. The People's Party is the third largest at national level and the agreement gave it four Cabinet posts in exchange for its co-operation in the Assembly.

In fact, the accord never worked effectively as individual members of the People's Party voted according to their inclinations. The formal break has left the National Party on its own with 36 of the 95 seats in the Senate (upper house) and 167 of the 442 seats in the House of Representatives (lower house). The question now is whether the four People's Party ministers, including Prof Ishaya Audu, the Foreign Minister, will resign as their party is demanding.

Because the accord did not work well, its demise should not make a great difference to the Government. The legislative process has proved painfully slow in Nigeria, but most vital bills, including the budget and the division of federal revenues between the states, have been passed. The constitution also gives wide powers to the president which have helped to keep the cumbersome system moving.

But simply keeping the system moving will not be enough if Nigeria is to overcome its pressing social and economic problems. An ambitious five-year development plan aims to put Nigeria on the road to industrialisation, spread the country's oil wealth more equally and increase agricultural production by giving help to the farmer. In the present state of political tension, development is in danger.

Mr Harry Oppenheimer

More unrest in S. Africa predicted

By Steven Friedman in Johannesburg

MR HARRY OPPENHEIMER, chairman of the Anglo American Corporation, has predicted heightened unrest in South Africa, if the Government moves ahead with its promised reform programme, which he expects it to do.

But he adds that South Africa is "ripe" for political change, and that, although there would be "turbulence" in the short term, reform would offer "much greater hope for the long-term future."

In his chairman's statement, released yesterday, Mr Oppenheimer urged both business and Government to move as rapidly as possible in removing race discrimination. "Nothing is more dangerous than half-hearted reform," he said. But gratitude from black workers or black politicians should not be expected for changes.

"On the contrary, such advances are likely to be met by new demands, heightened unrest, and the open expression of hostility, which in the past it was thought prudent to conceal," he said.

However, economic growth and racial discrimination were incompatible, and growth was essential to the building of a "just and peaceful society." Mr Oppenheimer said he believed the Government was "honestly seeking" a method of power-sharing for all races, but that "it has not yet found it."

● New schools unrest hit the Johannesburg area yesterday. On Tuesday, pupils at a coloured school in a neighbouring town broke school windows in a protest against "excessive corporal punishment" and 1,600 pupils at a Soweto school walked out in protest at the arrest of a colleague.

Mining, Page 24

Oil producers meet over price plan

BY RICHARD JOHNS, MIDDLE EAST EDITOR

ARAB OIL states were expected to discuss the current oil glut and the possibilities of a price compromise at a meeting in Taif, Saudi Arabia, yesterday.

Representatives of the 10 member states of the Organisation of Arab Petroleum Exporting Countries (Oapec) were also scheduled to discuss the Arab Maritime Petroleum Transport Company, their multinational super-tanker venture.

Saudi Arabia wants to sound out fellow Arab producers about the chances of a reunification of prices on the basis of a reference of $34 per barrel.

The meeting took place amid mounting concern and anger on the part of some members of the Organisation of Petroleum Exporting Countries about the fall in their exports, not least because of the high rate at which Saudi Arabia is pumping.

Total Libyan output has now fallen to 1m b/d, or which about 120,000 b/d are consumed locally, compared with a level of 1.58m b/d planned for the third quarter, according to one major oil company. Despite the $1.10 price reduction decided upon recently by Tripoli, it is expected that the rate may slump to 600,000-700,000 b/d in August.

Output in Nigeria, which has been co-ordinating policy with Libya, Algeria and Gabon, has so far been even more drastic. At the beginning of July the flow is reliably said to have been down to 900,000 b/d, of which about 250,000 b/d would be consumed locally, compared with 1.3m b/d in the first half of last month and a maximum permissible level of 1.9m b/d.

Among the high-priced North African producers, Algeria has been in a better position because of tighter contracts.

Gabon has hardly been affected, with output reported by the oil industry to be close to 153,000 b/d allowed under the agreement reached by 10 of Opec's 13 members in Geneva in May.

In a slack market, Saudi Arabia's high production of up to 10.3m b/d from its main fields is now showing signs of biting hard. The Kingdom is still resolutely set against the convening of an Opec extraordinary conference unless a compromise on the basis of $34 can be achieved.

Indonesia 'to double LNG exports'

By Richard Cowper in Jakarta

INDONESIA, LAST year the world's largest exporter of liquefied natural gas, should double LNG exports by 1985 as well as meeting its target of producing a record 1.83m barrels a day of oil by 1983, according to a U.S. Embassy report released yesterday.

The country's petroleum sector is "in its best shape for years," having fully recovered from the setbacks which followed the near-collapse of Pertamina, the country's state-owned oil company, in 1975.

The Embassy's 98-page annual report on Indonesia's petroleum sector confirms the view that Indonesia's oil industry has entered a boom period.

It does warn, however, that falling world oil production and prices, coupled with the continued increase in domestic oil consumption, could mean that the Indonesian Government, which relies on oil and gas for the largest proportion of its revenues, may not see its income meet Budget expectations this year.

In 1980-81, corporate tax on oil brought the Government $11.2bn (£5.9bn) in revenue, a jump of 69 per cent compared with the previous year.

This year, the Government is targeting revenue from oil at $13.7bn. "If market conditions compel more than a modest production cutback, it is doubtful that the Budget revenue target will be met," the report says.

Apart from this, however, all key indicators are set for "go," with output beginning to creep up again, after three years of decline.

Last year Indonesia produced 1.58m b/d, but since November it has consistently produced more than 1.6m b/d. The country should meet its 1983-84 target of 1.83m b/d, the report says.

Exploration expenditures by foreign companies last year were a record $907m, nearly double 1979 expenditures. When added to the $144m spent by Pertamina, the total came to more than $1bn. Expenditure this year, the report goes on, may well exceed this.

Perhaps the most exciting development has been in liquefied natural gas. Last year Indonesia's LNG export volume rose more than 30 per cent, thus enabling the country to overtake Algeria as the world's largest LNG exporter, valued at $2.3bn. All the country's went to Japan.

New banks for Bangladesh

By Syed Kamaluddin in Dacca

THE BANGLADESH Government has agreed to the setting up of three private sector banks, including one joint venture bank involving the Galazari group from the United Arab Emirates. This is the first relaxation of Government control over banking since all banks were nationalised after independence in 1971.

The move complements plans to open up more areas of the economy to private enterprise. The Government is to sell about 30 per cent of the equity in a number of State controlled companies, including two paper mills, a pulp mill, a newsprint mill, three fertiliser plants and a steel mill.

Tehran regime hit by bombing campaign

BY TERRY POVEY IN TEHRAN

FOR THE fourth day running, bomb explosions and attacks on fundamentalist targets were reported in Tehran. Over the last 36 hours there were 10 separate violent incidents in the capital, with others taking place in provincial cities. There have been some 30 explosions since July 4.

The most serious occurred late on Tuesday when a meeting being addressed by Mr Ali Akbar Pavaresh, Presidential candidate and Deputy Speaker of the Parliament, was attacked by youths who hurled a hand grenade. Three revolutionary guards and three policemen were reported injured.

The most costly incident may turn out to be the burning down of the International Trade Fair pavilion, which was being used as a warehouse by a fundamentalist organisation. This year's fair was due to take place in the autumn.

Most of the incidents have involved grenades, small bombs, and incendiary devices thrown from the back of speeding motor cycles. The attackers seem to be trying to un-nerve the regime, rather than to kill or maim.

Four more executions of members of the people's Mojahedin organisation were reported yesterday, bringing to 175 the number of opponents of the regime executed since June 21, when Iran's Parliament voted to dismiss President Abolhassan Bani-Sadr. There were also 34 other executions including seven members of the Bahai faith.

Democrats promise not to delay action on tax Bill

BY OUR WASHINGTON CORRESPONDENT

RESIDENT REAGAN has won commitment from Democratic arty opposition leaders that ey will not frustrate his goal f getting major congressional tion on a tax Bill before the gislature goes into summer cess early next month.

Senator Robert Byrd, the inority leader in the Upper ouse, and his counterparts in e House of Representatives here Democrats hold a ominal majority, said yesterday at they would "try to finish e tax Bill by August 1, or at ast get it to conference" by en. Conference negotiators om House and Senate would en stay on into the recess to mplete the Bill.

The Democratic commitment no means ensures that r Reagan will find on his desk a tax cut Bill to his liking.

Minority Democrats in the Senate will not be able to lock passage through the Upper House of the main elements of the Reagan tax cut plan, though Senator Byrd detected a widely-held desire to pin the *final* 10 per cent income tax cut of the three-year Reagan plan on economic conditions prevailing in 1983-84.

But the Democratic-controlled House is proceeding with a 15 per cent tax cut plan over two years. This has been approved in committee and, if Mr Reagan does not succeed in getting southern conservative Democrats to defect again, it will pass the full House. The two versions would then have to be argued out in conference.

Canada plan 'will boost world oil'

By Our Foreign Staff

ANADA'S Energy Minister, Ir Marc Lalonde, claims that is Government's controversial ew Energy Programme can ncrease the world's oil supply nd not diminish it, as many oil en claim.

Mr Marc Lalonde: harshly critical of oil men

The programme, now wending ts way through the Canadian arliament, has infuriated the ndustry, as well as Alberta, the ain oil-producing province.

Its main props are a programme to give Canadians majority control over the industry, at present U.S.-dominated, by 1990; conservation and a witch to other fuels, mainly atural gas, which is in surplus upply; and a "blended" domestic oil price to be kept elow 85 per cent of world evels.

The present Canadian wellhead price of below US$15 a arrel is less than half of the Opec price targets.

Oil men argue that this set of proposals is bound to discourage exploration, and would prefer to go the way of the U.S., which has plumped for a deregulation of prices to allow market forces to boost exploration and output.

Mr Lalonde has contended that the substitution of natural gas for oil as proposed by the New Energy Programme in fields other than transport, would reduce oil consumption n Canada by 1985 to a level 300,000 barrel a day below what it would otherwise be (compared with total consumption last year of 1.8m barrels a day).

That was the equivalent of the output expected from two plants o extract oil from the Alberta il sands, whose future is now n doubt.

Imperial Oil, the Canadian member of the Exxon group, nd Shell are the main companies originally involved in hese schemes. Uncertainties bout the price obtainable have aused Imperial to shelve its roject, while Shell Explorer has old its stake in the Alsands enture to Husky Oil, a Canadian-owned company.

The programme proposes encouraging the switch from oil by extending the network of gas pipelines, by subsidising the conversion of burners and other equipment, and by pricing gas below the thermal oil equivalent.

All of that needs legislation which may go through in the autumn. It will also require an agreement on pricing with Alberta which, Mr Lalonde said, could be expected in September at the earliest.

The feature of the programme which the industry probably dislikes most is a system of incentives for exploration in the North and offshore which discriminates heavily against foreign-owned companies.

This has given rise to protests from the U.S., but Ottawa appears determined to stand firm. Mr Lalonde was scathing about the opposition of the oil men, whom he described as the "last of the buccaneers," with, he claimed, no interest in conservation or in substituting other fuels for oil.

All these threats and uncertainties have caused an upheaval in the Canadian oil industry. Drilling rigs have moved to more promising areas in the U.S. and a number of foreign companies have sold out at least part of their Canadian interests.

Petrocanada, the Government-owned oil company, has taken over Petrofina's subsidiary and Atlantic Richfield Canada. Dome Petroleum has bought Conoco's controlling stake in Hudson's Bay Oil and Gas.

Canada Development Corporation has taken over Elf-Aquitaine's Canadian subsidiary, and Shell is selling part of its Canadian interests to Husky Oil.

British Columbian forest workers' strike spreads

BY VICTOR MACKIE IN OTTAWA

SECOND UNION has joined e forest workers' strike in ritish Columbia, bringing the rovince's biggest industry close o total shutdown.

The 5,500 members of the ulp, Paper and Woodworkers Canada yesterday joined 3,000 members of the International Woodworkers of merica who went on strike er pay at 700 sawmills roughout the province on onday.

The third forest union, the anadian Paperworkers' plans withdraw its 7,000 workers om the mills next Monday.

Contracts for coastal woodorkers expired on June 15, hile northern and southern terior contracts expired on une 30. A spokesman for hte rest industry, Mr Christopher rombie, said that a total closeown could cost companies out C$8.5m (£3.8m) a day.

The last hope for a quick ttlement was dashed, when the rthern forest companies jected a union proposal on uesday. "There is no more oney," the northern companies' negotiator, Mr David Gunderson said. "We had hoped that our top offer would approacht heir bottom proposal, but the parties are too far apart."

Meanwhile the Canadian Union of Postal Workers has agreed ot co-operate with an independent mediator, bringing hopes for progress towards an end of the Post Office strike involving 23,000 postal handlers and clerks. The agreement to call in an independent mediator is the first sign of progress in the dispute since talks broke down last Friday. The men stopped work more than a fortnight ago.

AP-DJ reports from Washington: A Senate committee recommended ratification of a treaty allowing open U.S. and Canadian albacore tuna fishing off the Pacific coast. The treaty was one of several international agreements approvced 15-0 by the Senate Foreign Relations Committee. It woud allow fisherman of each country to fish in the other country's waters with licences or fees, and allow them to stop at prescribed ports.

Guatemala 'wanted Belize base'

BELIZE—Talks on independence for Britain's central merican colony of Belize iled in New York last week cause Guatemala wanted to tablish military bases on lizean territory, according to e colony's Premier, Mr George ice.

Mr Price said the Guatemalans wanted to set up naval ilities on the Sapodilla Cays, rt of two clusters of islands the Caribbean which Guatemala would be allowed to use under the suggested independence accord.

Mr Price said Belize was intent on proceeding to independence this year and wished to co-operate with Guatemala in trade, agriculture and other matters.

● A Harrier jet of the RAF crashed in western Belize near the Guatemalan border. On Tuesday killing the pilot. It was the second Harrier crash in Belize this year.

Agencies

U.S. economic outlook revised due to interest rates

BY DAVID BUCHAN IN WASHINGTON

THE U.S. economy is slowing down, but real gross national product will rise by 2.6 per cent over 1981, more than double the 1.1 per cent increase forecast in February, according to the Reagan Administration's mid-year economic review.

This apparent paradox is resolved by the Administration's belief that the economy has done all its growing for 1981 in a brief surge of expansion in the January-March quarter. It has since slowed down, and this will carry through into early 1982, reducing the original prediction for real GNP groyth next year from 4.2 per cent to 3.4 per cent.

"The most recent data suggest a marked slowing in the growth of personal income and final demand, while the rate of increase of industrial production continues to weaken from the rapid pace registered last autumn."

FEDERAL BUDGET TOTALS
(estimated in $bn)

	1980-81 (financial year) to Sept. 30 Mar.	July	1981-82 (financial year) to Sept. 30 Mar.	July
Revenue	600.3	605.6	650.3	662.4
Spending	655.2	661.2	695.3	704.8
Deficit	54.9	55.6	45.0	42.5

It was reported yesterday that industrial output in June dropped by 0.1 per cent, after three months of modest gains.

The bright spot is the "improving" inflation outlook, helped by "persistent declines" in food and oil prices. By May the consumer price index stood slightly less than 10 per cent above its May 1980 level, a trend that led Mr Murray Weidenbaum, chairman of the council of economic advisers at the White House, to say recently that the phenomenon of double-digit inflation "is behind us."

The major changes in the Government's economic and budgetary forecasts stem from the much higher-than-expected level of U.S. interest rates, which have squeezed economic activity and increased public borrowing costs.

Instead of averaging 11.1 per cent this year, 91-day Treasury securities, a standard guage for interest rates, will average 13.6 per cent this year, the Administration now assumes. The average for new Treasury securities will drop to 10.5 per cent next year, according to the review.

Despite the latest revisions, the Administration remains more optimistic than the Organisation for Economic Co-operation and Development that U.S. Treasury bill rates will be around 14 per cent this year and 14.5 per cent in 1982. The prime rate for corporate borrowers would be higher.

ECONOMIC FORECAST
(All figures represent estimated percentage changes over one year)

	1981 (calendar year) Feb.	July	1982 (calendar (year Feb.	July
Real GNP	1.1	2.6	4.2	3.4
Consumer prices	11.1	9.9	8.3	7.0
Unemployment (av.)	7.8	7.5	7.2	7.3

The review adds: "It is possible that interest rates and inflation will abate more quickly during the months ahead than the current forecast suggests."

High interest rates have hit the Government like everyone else. Thus, the cost of Government borrowing is now estimated at $7bn higher in the 1980-81 fiscal year and $10bn higher in the 1 981-82 fiscal year than the Administration estimated last March.

Higher interest rates, due to the Federal Reserve's tight hold on money growth and continued strong credit demand from busine ss, have raised Government interest rates on the national debt, housing programmes, student loans and a variety of other public programmes.

This has dashed Administration hopes, entertained until quite recently, that the 1980-81 deficit for the fiscal year that ends on September 30 would actually be smaller than the $54.9bn shortfall it forecast in March.

But the 1980-81 deficit will only be $1bn larger than forecast in March, while the 1981-82 deficit will be $2.5bn smaller than estimated, according to yesterday's review.

This is because Congress is now set to cut spending in 1981-1982 by more than the Administration hoped in March. Secondly, the proposed delay in the Reagan tax-cut plan, from July 1 to October 1, has resulted in higher revenue estimates for this year.

Wall Street plays guessing game over Fed policy

BY DAVID LASCELLES IN NEW YORK

A WEEK after the Federal Reserve held its long-awaited *mid-year meeting* to decide on strategy, Wall Street is still playing a guessing game over what was decided behind the Fed's heavy doors.

The Fed has a policy of not disclosing the results of its deliberations, but the market tries to read signs of policy shifts in the pattern of the Fed's interventions in the *money markets*.

The questions centre on whether the Fed has decided to ease the tight rein which it has kept on credit for most of this year in its effort to get the *better of inflation* and which has pushed U.S. interest rates to record levels.

The optimists believed that the Fed would respond to the recent dramatic decline in the growth of inflation and the money supply by easing up, particularly since the economy is showing signs of weakness.

But others maintained that the Fed is determined to stick to out to the bitter end, even at the risk of suffocating the economy and provoking the wrath of other countries who are being pinched as well. The Administration would tolerate this, the argument goes, because it wants to choke off inflation too, particularly if the nasty medicine can be administered during a non-election year.

Traders and analysts still differ about what the Fed is doing, but a general view seems to be:

● The Fed has not relaxed or raised its money supply growth targets. Indeed, in the second quarter it made a point of trying to keep the growth of M1-B, the most widely watched measure, below the bottom end of the 3½-6 per cent range it had set, and it may well stick to that goal in the current quarter. But, as analysts pointed out yesterday, the growth of M1-B has been so slow recently (it actually fell nearly 8 per cent in the last quarter) that to aim for 3 per cent growth would actually require the Fed to give it a stimulus, which would create an impression, though a misleading one, that it had eased.

● From a tactical point of view the Fed may have decided that it can still achieve those targets while taking some of the pressure off interest rates. Analysts note that the Fed has been supplying the markets with a generous amount of reserves in the past 10 days, and this has helped bring down short-term interest rates slightly.

A lasting change would have to await a fundamental shift in the Fed's stance, which still looks a long way off. Although this is not encouraging news for borrowers, some people now profess to be impressed by the Fed's tenacity and say the long-term outlook is brightening.

WORLD TRADE NEWS

Japanese companies in reactor deal with General Electric

BY RICHARD C. HANSON IN TOKYO

THREE JAPANESE companies and General Electric of the U.S. yesterday signed an agreement to share in the next phase of the testing and developing of a sophisticated advance boiling water reactor (ABWR) type nuclear power plant for Japan.

Tokyo Electric, the world's largest operator of boiling water reactors, Toshiba Corporation and Hitachi are participating on the Japanese side.

All four companies were involved in the initial stages of the ABWR project, along with Asea Atom of Sweden and Anealdo Meccanico Nucleare of Italy.

The ABWR is one of the most ambitious private nuclear joint development programmes carried out by an international team. Work began in 1978, resulting in a basic design for a 1,300 MW to 1,400 MW nuclear plant.

Testing and development work should take five years. The participants will share the cost. Details of the financial arrangements and the sharing of technological developments have not been disclosed.

The project involves building a standard Japanese nuclear power plant using the boiling water process originally developed by General Electric.

Toshiba and Hitachi are to build BWR plants under licence from General Electric, but have made considerable progress in perfecting their own nuclear power technology.

The ABWR is designed to be a safer, more efficient reactor. The key technical differences between the ABWR and present standard BWRs is that the former uses a simpler internal water pump recirculation system, and more sophisticated control rod drives.

Other proven companies using boiling water reactors in Japan will contribute to the programme. The ABWR will satisfy many requirements special to Japan.

Pemex in Tokyo oil-quota talks

BY OUR TOKYO CORRESPONDENT

A TOP LEVEL delegation from Pemex, the state-owned Mexican oil company, arrives in Tokyo next week for talks aimed at *tripling* Japanese imports of Mexican crude.

Pemex is asking Japan to boost its purchases of oil from the current 100,000 barrels per day to 300,000 b/d of heavy and light Mexican oil.

However, Japan does not actually need additional oil. Slack demand has strained storage capacity to the limit and the stockpiles are at a record 116 days. Moreover, the sluggish economic conditions have left the Mexican oil industry with financial difficulties.

In addition, Pemex's original proposal is that Japan buy a mix of crude (40 per cent light and 60 per cent heavy, as in the case of the current 100,000 b/d) which importers consider unsuitable for market conditions. Importers would prefer a ratio weighted towards light.

A third point is that Mexican light oil, at $36.5 per barrel, is still priced higher than equivalent oil from Arab countries. Mexico had lowered its prices $4 a barrel in June, but is trying to boost the price this month by $2 a barrel. The price increase prompted U.S. buyers to stop lifting oil, thus leaving Mexico with excess capacity to offer Japan.

Japan is embarrased by the offer, partly because just over a year ago it was pressing Mexico to increase shipments to 300,000 b/d. In any case, Japan does not want to reject outright a chance to assure a stable long-term supply of oil.

Reuter adds: Officials of Pemex and French oil companies will hold talks in Paris this week to try to resolve a recent dispute over crude oil supply to France.

The dispute arose when Cie Francaise des Petroles (CFP) suspended its imports of 100,000 b/d of Mexican oil after Pemex said it wished to negotiate a $2 a barrel price rise with customers. Mexico retaliated by suspending the participation of French corporations in developments projects in Mexico.

Meanwhile, Japanese trading houses and oil refiners importing Iranian crude oil have asked Iran to lower its prices because of a downturn of world oil market prices. The Japanese price cut request was made to the National Iranian Oil Company (NIOC) by 14 Japanese companies

Indonesia coal project for RTZ and BP

By Richard Cowper in Jakarta

INDONESIA'S State-owned coal company has initialled three contracts with two British and two U.S. companies for exploration and development of coal on the island of Kalimantan.

The contracts mark a major new development of Indonesia's long-ignored coal industry and may require an investment of more than $1bn

The contracts, which are for three concession areas totalling more than 2m hectares in Kalimantan, still have to be approved by parliament and Indonesia's President Suharto, but this is understood to be a formality. Signing should take place in September or October.

The Australian subsidiary of Rio Tinto Zinc and British Petroleum have initialled a joint contract for 750,000 hectares in east Kalimantan. Under the terms of the agreement signed with PT Batubara, the Indonesian State-owned coal company, RTZ and BP are obliged to spend almost $1m on exploration.

The U.S. oil company, Atlantic Richfield, which has recently embarked on a major coalmine development in Wyoming as its first venture into the coal industry, joined Utah Exploration of San Francisco and initialled a contract for a concession of 1.2m hectares, also in Kalimantan.

Under the agreement Arco and Utah are obliged to spend $1.44m on exploration. The third concession for a much smaller area, estimated at about 200,000 hectares, was won by Utah.

UK offers credit to Colombia

BY HUGH O'SHAUGHNESSY, LATIN AMERICA CORRESPONDENT

BRITAIN is offering Colombia a $400m (£213m) line of credit for the development of the massive Cerrejón coal project in northern Colombia, near the Venezuelan border.

The Cerrejón coal seams, the biggest in Latin America, have been the subject of intense bidding by multinational energy companies, but so far only Exxon has been given permission to mine part of the site.

The British credit would cover purchases of heavy mining machinery, technology rail and port equipment. Coal from Cerrejón could not be exported until a short rail link is built to the coast and a new port created at El Portete on the Guajira Peninsula.

The credit will be guaranteed by the Export Credits Guarantee Department, said Mr Cecil Parkinson, the British Trade Minister, at a Press conference in London yesterday.

Mr Parkinson expressed hopes that companies in the Davy Corporation would obtain contracts worth £150m for the projected steel plate mill at the Lázaro Cárdenas plant of the Mexican steel company Sicartsa and others worth £37m for a copper refinery at La Caridad in nothern Mexico.

Mr Parkinson has just returned from a visit to Mexico, Peru and Colombia. He was accompanied by a group of British businessmen, including representatives of the Davy Corporation, BSC (Overseas Services), Vickers, NEI International, GEC Power Engineering, Selection Trust and BP. BP is among those companies which are seeking access to Cerrejón.

The Trade Minister yesterday renewed British attacks on protectionism among industrialising countries of the Third World:

"Mexico has recently imposed some very substantial controls on imports. That is a sad development," he said.

But he added that Peru's decision to cut tariffs substantially was a "brave decision."

"Clearly it is in our interest that these rapidly developing countries, like those of Mexico, Brazil and South Korea are as open as possible."

TEXTILE AGREEMENT TALKS

Third World moves to offset EEC limits

BY BRIJ KHINDARIA IN GENEVA

THIRD WORLD textile and clothing exporters have put forward a six-point list of proposals in Geneva designed to prevent the EEC and the U.S. from introducing import curbs in a renewed Multifibre Arrangement (MFA).

The proposals are diametrically opposite to the main points made by Mr Horst Krenzler the Common Market negotiator, in a policy statement at the opening of the MFA talks Tuesday. The talks were adjourned yesterday and resume today.

The strong Third World counter-position sets the stage for a difficult run to the renewal of the MFA, the agreement that governs international trade in textiles and which expires at the end of 1981.

At the heart of the proposals is a Third World demand that industrialised countries should no longer make a distinction between imports from low-cost countries and those from other supplier nations.

That will be difficult for the Community to accept, because it would mean placing imports from the U.S. on the same footing as those from Hong Kong, South Korea, Brazil and other aggressive Third World exporters of textiles and clothes.

A second demand is that imports should first be cut back from the largest supplier country if domestic producers need protection. For example, if more U.S.-made shirts are imported by the Community than from Hong Kong, the Community must first place stringent quotas on purchases from the U.S.

The demand is likely to cause problems for such Community members as Britain and France because the basic thrust of their policies has always been to put a brake on the spectacular export growth rates of developing countries where wages and living standards are much lower than those in wealthier nations.

A third demand is that industrialised nations should not discriminate between wealthier developing countries and poorer ones.

This cuts across EEC and U.S. insistence that the wealthier countries should open up their own frontiers to imports from industrialised nations.

The fourth demand is likely to cause particular soul-searching within the Community for it calls for a set of clear-cut and "objective" criteria to decide when imports seriously tic producers. Currently the claim of disruption is considered sufficient ground for the EEC not to observe a pledge made under the current MFA to permit at least a 6 per cent annual growth rate for Third World exports.

Developing countries argue that the Community, Scandinavian countries and Canada apply import curbs without actually "proving" disruption. They have proposed a list of criteria to give such proof and insist that any curbs must first be authorised by Gatt's textiles committee, under whom the current talks are being held, or the textiles surveillance body (TSB), which oversee's the MFA's application.

A fifth demand is that MFA renewal should be accompanied by "a definite, detailed and time-bound programme for the implementation of adjustment measures."

The Third World, in its final demand, also wants the TSB in monitoring import curbs and the application of adjustment measures.

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Nationwide 'considering' approach to money markets

BY WILLIAM COCHRANE

THE NATIONWIDE Building Society is "most actively considering" its entry into the wholesale money markets, said Mr Leonard Williams, its chief general manager, yesterday.

Mr Williams, who recently stepped down as chairman of the Building Societies Association, said this after a news conference to announce that Nationwide's assets increased by 7 per cent to £4.98bn in the first six months of 1981.

The possibility of building societies tapping the money markets was seen as one of the more radical developments of the Stow report on building societies' financing which was published in March, last year.

When chairman of the association, Mr. Williams established a working group—led by Mr. Brian Phillips, general manager (finance) of Nationwide—to study the possibility of societies issuing marketable securities.

This was one of a package of possible radical policy changes in the movement. The societies' self-analysis reflected a determination to pay fully competitive interest rates in the savings markets—following the growing penetration of the banks into the mortgage market, and determined competition from the Government at the savings end.

Four building societies have already come to the money markets, including Huddersfield and Bradford on Tuesday with a £25m medium-term loan. However, none of the big five—Halifax, Abbey National, Nationwide, Leeds Permanent and Woolwich—have yet made a public move.

Mr. Williams said yesterday that, desirably, societies need to get into:

- Paper which is negotiable and quoted (like the local authority yearling bonds) which he was sure would be an easy, and ready market.
- Sterling certificates of deposit, essentially three, six or nine-month paper similar to that of the banks.

To function effectively in the money markets, building societies would have to be able to pay interest gross and to buy each others' paper, said Mr Williams.

These stipulations, he said, have still not been resolved with the authorities. "There is still a lot of discussion going on with the monetary authorities and the Inland Revenue.

Mr Williams emphasised that Nationwide's money market ambitions are neither immediate, nor outsize.

Yesterday, Nationwide also introduced a new range of savings products. Three "simple schemes" include: a more flexible share account; a bonus account conditionally offering a differential of ¾ per cent above the ordinary share rate; and the replacement of the current range of capital bonds with a single bond of five years duration carrying a 2 per cent differential.

BOC sells its North Sea supply base for £2.8m

BY MARK MEREDITH IN EDINBURGH

BRITISH OXYGEN has sold its North Sea supply base, part of Peterhead harbour, to an offshore engineering company run by Mr Steve Buxton, a 28-year-old Edinburgh businessmen, for £2.8m.

The deal, completed on Tuesday, includes the quay, seven deepwater berths, warehouses, office blocks, fabrication area and fuel storage tanks at the company's Peterhead base.

The 90 employees at the base will be kept on.

BOC has for some years divested itself of assets not directly connected with the industrial gas industry.

It has been using Peterhead as a centre for distributing gases used in offshore diving.

Mr Buxton has built up a successful fabrication business, S. Buxton Offshore Marine, based at Granton Harbour in Edinburgh. He plans to use the Peterhead base to expand his engineering and offshore development work.

Backing Mr Buxton in the purchase is North Sea Assets, which is managed by Ivory and Sime and the British Linen Bank.

North Sea Assets has acquired a 25 per cent interest in S. Buxton Offshore Marine at a cost of £750,000 and has also subscribed to the whole of an issue of £900,000 unsecured loan stock 1988.

Mr Garth Ramsay, a managing director of Ivory and Sime, has joined the board of Mr Buxton's company along with Mr Peter de Vink, a director of North Sea Assets.

Gold hallmarks up 29% in second quarter

By James McDonald

THE Royal Wedding may have contributed to more demand for silver hallmarking in the second quarter of this year, but an exceptional increase in the hallmarking of gold "may indicate the start of a long-term recovery in the demand for gold jewellery," suggests the Joint Committee of the Assay Offices of Great Britain.

The number of gold articles hallmarked in the three months to end-June was 3,462,314, a 29.7 per cent increase on the same quarter of 1980, but the weight increased more modestly by 17.4 per cent to 8,683 kilograms.

In the same period the number of silver articles hallmarked rose 5.4 per cent to 1,019,476 items, while the total weight increased by 2.2 per cent to 12,384 kilograms.

Call for Government plan to help hotel industry

BY JAMES McDONALD

A CALL for an "action plan" by the Government to help the National Council of the hotel industry was made in London yesterday by Mr Douglas Barrington chairman of the National Council of the British Hotels, Restaurants and Caterers' Association.

The plan would embrace: a cut in the rate of VAT on overseas visitors' bills; reform of the rating system to lessen the burden of municipal rates on tourism; and the use of public funds to support tourist improvements in tourist as well as industrial development areas.

Also, there would be parity for the hotel industry with manufacturing industry on Industrial Building Allowances, a change in Britain's "archaic" licensing laws, and an end to the "artificial division" in politicians' minds between manufacturing and service industries.

Mr Barrington, who put the plan forward at the annual meeting of the association, attacked the schizophrenic attitude of the Government towards tourism and the hotel industry.

"Ministers pay lip service to its importance but do little about it," he said.

"We seem to be afflicted with muddled thinking in high places about giving support to manufacturing industries while denying it to service industries."

He emphasised that tourism was second only to North Sea oil as an invisible exports earner.

One large London hotel, said Mr Barrington, had an annual rates bill of over £250,000.

Rolls-Royce to cut output of RB-211 jet engine

By Michael Donne, Aerospace Correspondent

A SHARP decline in airline orders for Boeing 747 Jumbo jets and Lockheed TriStars, both of which use the Rolls-Royce RB-211 engine, is obliging Rolls-Royce to reduce its planned engine production in 1982 and 1983.

This will affect many of the several hundred companies which supply materials or make parts for the RB-211. At present, other engine programmes are not affected, and the company retains a backlog of about £2.16bn for both civil and military engines.

The cut in RB-211 production is not expected to affect employment. The company is already trimming its labour force by about 2,000 this year, and plans to reduce it further by 1,000 next year, by voluntary retirement and natural wastage.

The reductions in RB-211 output only affect the bigger-thrust versions of the engine, as used in the Boeing 747 and Lockheed Tri-Star. Work is still under way on development of the new Dash 535 version of the RB-211 for the Boeing 757 airliner.

Following the slump in airline orders this year, Boeing has cut the production rate of 747s from seven and a half aircraft a month last year to five a month in the first half of this year.

This rate is cut again to three a month in the second half of this year, and to two a month next year. The rate may rise again to three a month by 1983.

Lockheed, which uses the RB-211 exclusively in its TriStar airliner, is cutting production from two aircraft a month last year to one and a half this year, and may cut it again to about one a month in 1983.

Both cuts will affect deliveries of Rolls-Royce RB-211 engines.

The other major engine manufacturers, General Electric and Pratt and Whitney, are likely also to be affected by the Boeing cuts, since many of their JT-9D or CF6-50 engines are used in the 747.

GLC to raise rates by 11.9p in the £

BY GARETH GRIFFITHS

THE Greater London Council is to impose a supplementary rate rise of 11.9p in the £ in October to raise £228.3m. The money is to pay for its transport policy and fund Government penalties for breaking spending guidelines.

The decision comes as Derbyshire County Council's Labour group is to consider resigning its control over the council and then blocking decisions by the authority to protest against the Government's latest demand for local authority spending cuts. The Labour group believes the move would provoke a legal constitutional crisis.

The GLC announced yesterday that a supplementary rate precept of 6.1p in the £ would cover its £117.3m a year London Transport package. About £48.2m was needed to cover the LT deficit and £69.1m to cover the 25 per cent cut in LT fares which comes into effect in October for the rest of the financial year.

The GLC is also having to impose a supplementary rate of 5.8p in the £ to cover £111m block grant it is losing from the Government as it is not meeting the Environment Department's spending cuts requirement.

The GLC precept will rise in October from 24.7p in the £ to 36.6p. Ratepayers in some London boroughs will be faced with additional supplementary rate rises. The 12 inner London boroughs and the City of London are faced with a 3.2p supplementary rate rise to meet an ILEA deficit and pay for educational initiatives.

There is also evidence that many London boroughs will be unable or unwilling to meet the department's target of a 5.6 per cent cut in spending compared with the actual expenditure in 1978-79.

Islington, Newham, Lewisham, Tower Hamlets and Waltham Forest are all considerably above the Government's target with no possibility of meeting it and with balances run down.

Ratepayers in these areas face the prospect of rate supplements in addition to the GLC precept rise.

Mr Ken Livingstone, the GLC Labour leader, said yesterday there would be no other GLC rate rises in the rest of the financial year.

He said the level of Government grant per capita to the GLC and ILEA worked out at £1.50 a year compared with £100 a year for people in the five Conservative county councils ringing London.

A Derbyshire County Council delegation yesterday saw Mr Tom King, Local Government Minister, to protest against a £12m spending cut the department has asked the council to make. Derbyshire says the cut would be equal to the cost of 2,000 staff members and exceed by £5m the cost of running the county's fire service.

Mr David Bookbinder, the leader of the County Council's Labour group, said Mr King had given the authority an extra week to complete its revised budget meeting and cuts. The budgets are supposed to be in by the end of the month. The authority was also going to call in a consultant to look at its operations.

But he said the county was not prepared to cut its services and would consider introducing a supplementary rate. Such a rate would have to be higher than the cost of the department's cuts because of the Government's penalty clauses. Mr Bookbinder put the size of the rate rise at about 8p in the £.

Derbyshire County Council's Labour group will consider later in the month the possibility of resigning control.

The group has been told by legal counsel that such a move would be legal and that the Government would have no powers to interfere. Mr Bookbinder said such a move would freeze local government in the county.

Derbyshire is not one of the heavy spending authorities. Its proposed spending for this financial year of £273.25 per capita is slightly above the average for the shire counties of £267.33 but below that of the metropolitan authorities.

The county's rate base is weaker than many parts of the country as it has less commercial and industrial property than the conurbations.

Mr King said the cut Derbyshire had been asked to make was equal to 3.5 per cent of its total expenditure and he commended the use of private consultants in seeking new ways of cutting local authority costs. He said the Government believed many authorities were trying to meet the cuts.

Mr King said Derbyshire's proposal to make local government unworkable had not been mentioned at the council's meeting with the department and was a matter for councillors.

Call for independent taxation of men and women

BY TIM DICKSON

THE EQUAL Opportunities Commission has come down firmly in favour of taxing men and women independently of each other even if they are married.

"Any serious attempt to reform the present tax system must start by treating the individual rather than the married couple as the basic tax unit," it says.

In its formal and considered response to last year's Green Paper, The Taxation of Husband and Wife, the commission yesterday called for the abolition of the married man's allowance and the additional personal allowance and suggested the money saved should be used to increase child benefit by £4.50 a week.

If the Government made an early decision to tax people independently, any administrative problems could be overcome, it claimed.

The commission says there are practical difficulties in treating investment income separately and at this stage is confining its proposals to earned income.

It nevertheless urges the Government to think further about this subject and to study the experiences of other countries.

At present in the UK all income of husbands and wives is aggregated for tax purposes unless couples specifically request separate taxation.

Pressure has been building up to reform the current system, which originated in the 1800s. As a result the Government published a Green Paper last December setting out the choices.

These included: improving the current options for separate assessment (where the Inland Revenue deals separately with husband and wife though their incomes are still treated for tax purposes as one) and separate taxation (which allows couples to be taxed as single people except on their investment income); a system of fully or partially transferable allowances, and finally, what was described as "mandatory independent taxation."

When it was published, Sir Geoffrey Howe, the Chancellor of the Exchequer, stressed the Green Paper was the "greenest of the green." The Government, he said, had an open mind. Many observers, including the Commission, suspect the Inland Revenue wants to keep the present system and expand the options for separate assessment and separate taxation.

The Commission argues that "the present system is discriminatory on grounds of sex in its basic assumption."

Abolishing the married man's allowance and the additional personal allowance (an extra allowance for those bringing up children on their own) would raise £2.6bn from the non-pensioner population, says the Commission.

It concludes that the most equitable solution would be to use the money to increase child benefit by £4.50, to £9.25.

UK NEWS

Financial Times reporters look at the facts behind British Enkalon's closure of its Antrim fibre-making plant

Imports undermined yarn demand

THE DECISION by British Enkalon to close its fibre-making plant at Antrim in Northern Ireland is perhaps the least unexpected of the many similar announcements which have come from this industrial sector in the past two years.

The company made losses of £8.9m last year, bringing its total deficit since 1975 to £23m.

In January the Dutch Akzo group — which owns 83 per cent of the shares — announced a major rationalisation of its European fibre operations, including the loss of 800 jobs from the total of 2,000 at Antrim.

The survival of the remaining 1,200 jobs was made conditional on negotiations with the UK Government on financial aid to enable British Enkalon to specialise in carpet yarns.

The talks went on until late on Tuesday, but the chances of their creating a viable basis for future operations other than at a high cost have always seemed dubious.

The carpet yarn market has been heavily penetrated in the past two years by U.S. exports. These have fallen back, but U.S. exports of finished carpets have continued to grow, reducing the demand for European yarns.

Other big fibre groups, notably ICI, have concentrated in recent years on establishing a strong position in the carpet yarn market.

In the event the cost of British Enkalon's proposals for staying in business proved the stumbling block. The parent Akzo is thought to have been seeking about £17m to re-finance Antrim and to have been looking in addition for release from other obligations amounting to several million pounds more.

The offer made by Mr Adam Butler, the Northern Ireland Commerce Department Minister, came to much less than half the total requested by Akzo.

The plant was built to supply rapidly growing demand for nylon in the UK, and was opened in 1963.

A period of rapid expansion followed. Polyester facilities were added and new markets in industrial applications and carpets were found. Output reached a peak of about 30,000 tonnes in the early 1970s.

The problems started with the explosion in 1974 which destroyed the Nypro plant at Flixborough, source of a raw material used by British Enkalon. The company was forced to import expensive raw materials.

The UK fibres market also deteriorated after 1974 as a result of imports. British Enkalon was engaged in a continuous battle to improve productivity and to upgrade its product mix.

It introduced in 1977 a fine yarn under the brand name Golden Touch, which was aimed at speciality markets. This product was also ultimately undermined by imports.

More recently, with Europe becoming a single market for yarns rather than a series of national markets, Akzo has sought to integrate British Enkalon and another subsidiary La Seda in Spain with its continental operations in Germany and Holland.

Last year as part of this strategy Akzo announced that it would be injecting £40m into Antrim to enable it to increase its exports and maintain its share of the UK market.

The deterioration in the market for fibres last year forced a fairly rapid rethink on Akzo.

The group scaled down its involvement in supplying yarns for certain textile end-uses and is concentrating on its main strength, industrial yarns.

The group has also been building up its fibre interests in growing markets such as North and South America, while inside the EEC it is concentrating most of its production in three large centres—two in Germany and one in the Netherlands.

Northern Ireland clearly has no part in this strategy. The UK—where a small sales office will be retained in Leicester—is as easily supplied across the English Channel as across the Irish Sea.

Blow adds to jobs gloom

THE END of British Enkalon's 18 years in Antrim, 20 miles from Belfast, was largely expected—but that has done nothing to soften the blow.

Since January this year, when the company announced the phasing out of textile yarns, the gut feeling had been that British Enkalon would join the list of big man-made fibre producers to pull out of Northern Ireland.

For Antrim itself, the news is the second blow in two months. In May, the Goverment said it was shelving, until at least 1984, plans to build a 600-bed area hospital on the outskirts of town.

Preliminary work, including the clearing of the ground, had already been done. The Government then said that reductions in public spending meant it could no longer afford to start construction. The estimated cost of the hospital was £30m, but now the badly-needed employment in local construction companies has gone by the board.

Mr Jack Allen, Mayor of Antrim, said yesterday the Government had to bear a heavy responsibility for the economic depression settling on the area. It had been the Government which had decided in the past to make Antrim a "new town area" but the lure of full employment had gone.

Unemployment in the town, now about 20 per cent, will rocket when the latest redundancies take effect at the end of August.

Antrim joins Carrickfergus and other previously prosperous parts of Northern Ireland which have borne the brunt of the steady decline in the man-made fibres sector.

Almost half Ulster's fibres output has been lost since 1979 and about 7,000 jobs have gone. The catalogue of closures is a big factor in the province's seasonally adjusted unemployment level of 17 per cent.

Courtaulds has paid off more than 3,000 workers, about two-thirds of them at its biggest fibres complex at Carrickfergus, another County Antrim town. More recently it closed a modern integrated textile plant near Londonderry, where 800 were employed.

ICI's final closure at Carrickfergus in March brought another 1,100 redundancies, and many smaller factories in Londonderry, County Antrim, and elsewhere have closed their doors.

The list of shutdowns in fibres and textiles might just be bearable, if jobs were being replaced by new industry. But towns like Antrim know that the chances of attracting new and large employers are slim.

Mr Adam Butler, Northern Ireland's Industry Minister, said that, until Antrim's position substantially improved, the Government would increase the maximum rate of grant towards capital expenditure on buildings plant and machinery from the present 45 per cent to 50 per cent. At the same time, a new 2,300 square metre Government advance factory would be built.

Ministers would urgently consider what schemes, previously deferred because of financial cuts, might now be brought forward to benefit the area.

Pressure on Reagan for Ulster initiative

By Reginald Dale in Washington

THE IRISH Embassy in Washington yesterday declined to comment on reports from Dublin that Mr Sean Donlon, the Irish Ambassador, had asked Mr Reagan to intervene in the Northern Ireland hunger strike crisis.

Reports said that Dr Garret FitzGerald, Ireland's new Prime Minister, had wanted Mr Reagan to appeal to Mrs Thatcher to take steps to end the Belfast hunger strike by IRA prisoners.

It is understood that a message to President Reagan on Northern Ireland was delivered to the White House on Tuesday by the Iish Embassy in Washington.

Congress have urged President Reagan to discuss the IRA hunger strike with Mrs Thatcher at the Ottawa summit next week.

"We believe that a statement might convince the British Government to moderate their policy of inflexibility and intransigence," the Congressmen said in their telegram to Mr Reagan.

There was no obvious sign of irritation among UK Ministers yesterday at the Irish Government's reported request to President Reagan to put pressure on Mrs Thatcher.

The view is that the new Dublin administration is faced with as much difficulty on the issue as London, partly because the next hunger striker expected to dies is a newly elected member of the Irish Parliament, the Dail.

There is no disposition to attack the move by Dublin before a response from President Reagan is made known. The important point is felt to be the maintenance of good relations with Dr FitzGerald.

Lord Carrington, the Foreign Secretary, expects to be questioned on the Government's Northern Ireland policy when he visits Washington on Friday. But he does not intend to allow the topic to dominate his visit.

The main purpose of Lord Carrington's trip is to hold a general review of foreign policy problems with Mr Alexander Haigh, the U.S. Secretary of State, in advance of the seven-nation Ottawa economic summit next Monday and Tuesday.

Lord Carrington intends to focus mainly on his recent trip to Moscow to promote the European Community's Afghanistan initiative, the Middle East and the wider range of East-West problems. He will point out that Northern Ireland is not the Foreign Office's responsibility.

So far, there is no plan for Lord Carrington to see President Reagan during his visit to Washington. However, there will be a private meeting between Mrs Thatcher and President Reagan in Ottawa. The U.S. President plans to take advantage of the summit to meet all the other participating leaders on an individual basis.

Stewart Dalby writes from Belfast: The funeral of Mr Martin Hurson, the sixth hunger striker to die in the H-block in the Maze prison outside Belfast this year, passed off peacefully yesterday.

There had been fears that the Army would attempt to arrest hooded gunmen who fired volleys over the coffin of Mr Hurson in the traditional IRA fashion. This followed a "snatch" squad arresting two gunmen last Friday after the funeral of Mr Joe McDonnell, the fifth hunger striker to die.

However, in the small village of Clappagh in Co Tyrone, the Army made no such ateempt. A crowd of about 5,000 attended the funeral.

CBI wants 10% cut in Civil Service and NHS manpower

BY MAURICE SAMUELSON

THE MANPOWER of the Civil Service and the National Health Service should be cut by 10 per cent, thus releasing £3½bn to £4bn for productive investment, the Confederation of British Industry said yesterday.

The proposal for sweeping cuts, drawn up by a special working party, were endorsed yesterday at the CBI's monthly council meeting despite a warning by Sir Leo Pliatsky, former chief permanent secretary at the Treasury, that they were unrealistic.

Sir Leo, an unpaid consultant to the working party which produced the report, said earlier this week that the Government was already making unprecedented economies and that there was little more it could do.

CBI chiefs yesterday dismissed Sir Leo's objections to the report as typical of the civil servants' attitude to job cuts and contrasted it with the "businessmen's approach" which it wants the Government to adopt.

"There is a culture shock in this area because the Civil Service has never had to do it," said Sir Terence Beckett, director general. Sir Raymond Pennock, president, said the CBI was cutting its own staff by 25 per cent this year.

The working party report had made clear, however, that the CBI was not advocating a deflationary policy. It wanted economies in current Government spending to be used to increase capital spending, cut industrial taxation and create more employment.

Manpower could also be reduced by restricting recruitment for a limited period and—outside the "front line" areas—by employing one new person for every two who retired or resigned.

The working party estimated that for every 1 per cent reduction in average pay in the public services, £300m—or the equivalent of 30,000 to 35,000 jobs—would be saved.

At the same time, much more work should be contracted out by local government and the health service to private businesses.

In a separate report, the CBI said pay settlements in manufacturing continued to average between 8 and 9 per cent. About two-thirds of the 130 settlements notified in the past month to the CBI's Pay Databank survey had been in single figures.

Plea for urgent riot remedies

BY JAMES McDONALD

CONDEMNATION OF the street violence and lawlessness in recent weeks must be coupled with concern about the underlying causes, and a more urgent search for remedies, Mr David Lane, chairman of the Commission for Racial Equality, said in London yesterday.

Presenting the commission's report for 1980, he said he hoped that in today's Commons debate there would be "constructive suggestions from all quarters."

Most of the recent disturbances "were not racial disturbances, still less race riots," but could put additional strain on race relations.

"New and positive initiatives are needed, particularly from Government, local authorities, employers, trade unions and the police."

He demanded forthright statements by the Prime Minister, Home Secretary and Cabinet Ministers "that good race relations are among the highest objectives of the Government and that the increased racial attacks by extremist groups on blacks will be stamped out."

A co-ordinated national programme for race relations should be introduced now, Mr. Lane said.

It should include:

- More communication and co-operation in urban areas, the potential flash-points, between councils, police, parents, schools and community leaders.
- Higher Government priority for economic revival of inner cities.
- More resources to fight racial discrimination, with a bigger budget for the Commission.

The Government should do more to ensure equal opportunities in the Civil Service. The equal opportunity clause in Government contracts should be monitored to ensure compliance by employers.

The commission calls for strengthening of the Public Order Act to deal more effectively with provocative marches and with inflammatory leaflets and speeches.

Mr Lane stressed a need for urgent action in the light of Lord Scarman's forthcoming finding and recommendations. "Nothing could be worse at this juncture, when the cynicism of blacks at official inquiries is widespread, than recommendations without effective and speedy implementation."

"Annual Report of the Commission for Racial Equality, January to December 1980," SO, £4.90.

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Conspiracy charge denied by Hambros

By Raymond Hughes, Law Courts Correspondent

MR. PAUL TAPSCOTT, former chairman of the Laurence Scott group, said in the High Court yesterday that he had been appalled when he learned that a scheme damaging to a Scott subsidiary had the backing of an institution of the calibre of the merchant bank Hambros.

He had not had the slightest suspicion that Mr Roy Ashman, a director of the subsidiary, PPD Engineering, had been divulging information about PPD to Hambros with a view to making a bid for the company or setting up a rival business.

Mr Tapscott said that, some months earlier, Mr Ashman had raised the possibility of Scott selling PPD to him. Mr Tapscott had told him that that would not accord with Scott's corporate plan.

Mr Tapscott was giving evidence in Scott's in Scott'sd and PPD's claim for damages for alleged conspiracy against Hambros, Mr Ashman, Mr Henry Lally and Harland Simon (1980), a company set up by Mr Ashman and Mr Lally while still employed by Scott.

Scott alleges that the scheme was to attract PPD employees and customers to Harland Simon (1980), leaving PPD so weak that Scott would sell it cheaply to Harland Simon.

Hambros and its co-defendants deny conspiracy.

Mr Tapscott said he learnt of the scheme when telephoned by Hambros after Mr Ashman, Mr Lally and other PPD top management had resigned.

He had been in the City for many years, and it had been a new experience for him that such a thing could happen. He had seen things deteriorating over the years, and realised that it was an age of greed and avarice and looking after oneself, but he did not like it.

Mr Richard Yorke, QC, for the defendants, suggested that, for years, Scott had been the subject of unfavourable financial comment in the Financial Times and elsewhere and that there had been a widely held view that Scott's story was one of stagnation and losses.

Mr Tapscott did not agree. He did agree that, if such a view had become current among Scott employees, it might have made them unhappy about their future.

He also agreed that Mr Ashman had made a great success of PPD, with 10 years of profits, but did not accept that no other Scott group had a comparable record.

The hearing continues today.

Roger Taylor

AN ECONOMICS teacher and five of his students yesterday defeated three teams of industrial executives to win the 1981 UK national management championship, writes Michael Dixon.

The winners of the contest, which started in January with 903 teams, are from South-east Essex Sixth-form College at Benfleet. They are Mr John Hearn, Hilary Bonner, Louise Bright, Susan North, Alan Jarvis and David Wilson.

In the final in London, they managed their "paper" consumer-durable company to a profit of £2.9m. Shell UK Oil, in second place, could make only £1.6m. IMI came third with £1.1m. Spicers of Cambridge were fourth with a loss of £1.3m.

When presenting the prizes, the Duke of Kent said the computer-based competition was an imaginative way of training managers by stimulating the kinds of decision top executives have to take.

Turning to the winners, he said: "There's nothing like getting hold of your managers at an early age."

Mr Hearn who has twice coached teams from the college to win the annual contest for schools, said that what was left of the £2,000 first prize after the team had had a night on the town would be given to the college. "After all, it has been paying our entry fees for the past six years, and it's entitled to its profit."

Port of Bristol losses soar as cargoes decline

BY ANDREW FISHER, SHIPPING CORRESPONDENT

LOSSES BY the Port of Bristol shot up sharply last year to almost £10.8m from £7.7m, as the recession bit deeply into business. Most commodity trades showed sizeable reductions.

At two of the docks, Avonmouth and Portishead, total conventional cargo declined by 943,000 tonnes to 3.2m in the year to March 31 1981. But container business was higher.

At the Royal Portbury Dock, cargo tonnage other than containers fell by 63,000 tonnes to 262,000. Apart from poorer economic conditions, the port's financial position was worsened by Bristol Steam Navigation's ending of its container service to Ireland.

The cessation of this service meant a loss of 250,000 tonnes to the port with an accompanying loss of revenue. But it is the general switch to containers from conventional cargo which has eroded port revenues. Earnings from this type of business are less than from non-containerised goods.

The City of Bristol had to bear most of the losses. It contributed £7.2m from its general rate fund, making total support of £15.7m since April 1977.

Wine trade fair opens

BY EDMUND PENNING ROWSELL

THIS YEAR'S fourth South Bristol wine sale, which opened yesterday, is larger and better laid out than previous sales. It is a trade fair until Friday afternoon and then open to the public until July 22.

The sale provides an opportunity to sample hundreds of new, largely inexpensive wines.

The number of foreign exhibitors on over 300 stands demonstrates the potential and actual size of the British wine consumers' market.

The French, the Italians and the Spanish have greatly increased the size of their pavilions in which privately and co-operatively produced wares are laid out for inspection.

The Spanish, Portuguese, Austrians, Moroccans and others are trying to cash in on the growing market for inexpensive table wines. Californian wines are more prominent than before and English wines are represented.

The £5 entry tickets for members of the public include ten 15p tasting vouchers and 50,000 visitors are expected

L test waiting

WAITING times for driving tests are continuing to fall in all parts of the country, Mr Norman Fowler, Secretary of State for Transport said yesterday.

Ming ewer sold for £200,000

AN EARLY Ming blue and white wine ewer of 1625, carrying the inscription, "the property of Jehangir Akbar," sold for £200,000, plus an extra 11.5 per cent in buyer's premium and VAT, at Christie's yesterday

SALEROOM

BY ANTHONY THORNCROFT

in an auction of Chinese works of art which totalled £714,420.

The price was double the forecast. The buyer was a private collector living in Singapore.

Robert Chang, the Hong Kong dealer, paid £48,000 for a Ming blue and white stem cup and £16,000 for a large Henan brown and black glazed oviform vase.

In a printed book sale, the London dealer Quaritch paid £82,000, about four times the forecast, for a copy of Besler's Hortus Eystettensis, a first edition of 1613 with plates of over 1,000 plants.

Sotheby's Belgravia establish auction records for both golf clubs and golf balls when two clubs each sold for £1,600 and two balls made £800 each.

Internal transplant for Old Lady

BY DAVID MARSH

THE BANK of England, sagest of counsellors on matters of money, is making preparations to spend several million pounds of its own on a full-scale technical refit.

The aim is to bring its electrical, ventilation and heating systems up to the highest standards of the late 20th century, and also possibly to pave the way for some of the computerised office technology of the 21st century.

The Bank has commissioned London consulting engineers Pell Frischmann to carry out a detailed feasibility study of how to modernise its internal "hardware."

In surgical terms, the Old Lady plans to have its guts renewed—but the face of the building and its internal structure will remain unchanged.

The Bank moved to Threadneedle Street in 1734, and the present building was completed just before the Second World War after extensive reconstruction during the 1920s and 1930s.

Pell Frischmann will by the end of the year on the internal services to be renewed, and how much it will cost. The Bank will then decide what work todo.

Dr Wilem Frischmann, senior partner in the consulting engineering company, stressed yesterday that details had not been decided. He said the work could cost between £6m and £20m and might take up to five years.

The Bank emphasised that the work would not involve any unnecessary redecoration.

In times of fiscal stringency, it does not want to give people the idea that it is laying out cash simply to increase the lavishness of its dining facilities.

The task of bringing up to date a 50-year-old building will be made more complex by the need for the Bank's staff to work normally during the work.

Dr Frischmann said his company would examine the possibility of building so-called "computer floors" between existing floors where extra cables and pipes could be laid when needed for computer equipment and other modern office facilities.

The firm would also look at air conditoning, plumbing, communications and heating. The Bank runs its own generator and has a system to use waste heat.

The present technology in the building was the ultimate available in the 1920s and 1930s, he said. "It will be renewed to the highest standard. They would like to be sure that it will last for another 40 to 50 years.

BASE LENDING RATES

A.B.N. Bank	12 %	Grindlays Bank	‡12 %
Allied Irish Bank	12 %	■ Guinness Mahon	12 %
American Express Bk.	12 %	■ Hambros Bank	12 %
Amro Bank	12 %	Heritable & Gen. Trust	12 %
Henry Ansbacher	12 %	■ Hill Samuel	§12 %
AP Bank Ltd.	12 %	C. Hoare & Co.	†12 %
■ Arbuthnot Latham	12 %	Hongkong & Shanghai	12 %
Associates Cap. Corp.	12 %	Knowsley & Co. Ltd.	14 %
Banco de Bilbao	12 %	Langris Trust Ltd.	12 %
BCCI	12 %	Lloyds Bank	12 %
Bank of Cyprus	12 %	Mallinhall Limited	12 %
Bank of N.S.W.	12 %	Edward Manson & Co.	13 %
Banque Belge Ltd.	12 %	Midland Bank	12 %
Banque du Rhone et de la Tamise S.A.	12½%	■ Samuel Montagu	12 %
Barclays Bank	12 %	■ Morgan Grenfell	12 %
Beneficial Trust Ltd.	13 %	National Westminster	12 %
Bremar Holdings Ltd.	13 %	Norwich General Trust	12 %
Bristol & West Invests.	13 %	P. S. Refson & Co.	12 %
Brit. Bank of Mid East	12 %	Ryl. Bk. Canada (Ldn.)	12 %
■ Brown Shipley	12½%	Slavenburg's Bank	12 %
Canada Perm't Trust	13 %	E. S. Schwab	13 %
Cayzer Ltd.	12 %	Standard Chartered	‖12 %
Cedar Holdings	12 %	Trade Dev. Bank	12 %
■ Charterhouse Japhet	12 %	Trustee Savings Bank	12 %
Choulartons	12 %	TCB Ltd.	12 %
C. E. Coates	12 %	United Bank of Kuwait	12 %
Consolidated Credits	12 %	Whiteaway Laidlaw	12½%
Co-operative Bank	*12 %	Williams & Glyn's	12 %
Corinthian Secs.	12 %	Wintrust Secs. Ltd.	12 %
The Cyprus Popular Bk.	12 %	Yorkshire Bank	12 %
Duncan Lawrie	12 %		
Eagil Trust	12 %		
E. T. Trust Limited	12 %		
First Nat. Fin. Corp.	14 %		
First Nat. Secs. Ltd.	14 %		
Robert Fraser	12 %		
Antony Gibbs	12 %		
Greyhound Guaranty	12 %		

■ Members of the Accepting Houses Committee.
* 7-day deposits 9%, 1-month 9¼%. Short term £4,000/12 months 11.35%.
† 7-day deposits on sums of £10,000 and under 9%, up to £50,000 9¾% and over £50,000 10¼%.
‡ Call deposits £1,000 and over 9%.
§ Demand deposits 9¼%.
‖ 21-day deposits over £1,000 10¼%.

Nato research 'wastes' $4bn by duplication

BY MICHAEL DONNE, DEFENCE CORRESPONDENT

RESEARCH AND development resources wasted by duplication of effort throughout the NATO warship building programme are worth between 20 and 30 new frigates a year.

Captain John Moore, the editor of Jane's Fighting Ships, says in his foreword to the latest edition of that work: "There is no doubt that NATO standardisation is a mess.

"Minor alleviations have taken place, but national industrial demands have taken precedence over the requirements of the alliance and, in a rapidly advancing technological environment, electronic standardisation is chaotic."

Captain Moore says recent estimates show annual spending in NATO of $18bn on research and development. "It is estimated that $4bn of this is wasted on duplication of effort."

He says soaring costs for the planned new British class of conventionally-powered patrol submarine, the Type 2400, originally set at about £50m, are now believed to be closer to £100m.

In the recent Defence White Paper up to £340m is given as the cost of developing sonar, action information and fire control systems (£240m) and weapon handling and launching system (£100m) for the new patrol submarine.

These devices, however, could have been acquired for substantially smaller sums. A U.S.-developed weapons handling and tactical control system could have been obtained for only £1m per submarine, or about £10m for a fleet of 10 patrol class submarines.

Captain Moore stresses: "It is essential to find speedy solutions to the shipbuilding problem rather than embarking on plans to cut roles, reduce sea-time and curtail reserves."

One solution could be to capitalise more on modern thinking—designers should be willing to accept new concepts.

Another solution is to streamline procurement practices, finding a system that can keep pace with today's accelerating improvements "which can be outdated in a year or two and are certain to be obsolescent in ten years' time."

Further reductions likely in size of shipping fleet

BY ANDREW FISHER, SHIPPING CORRESPONDENT

A FURTHER reduction in the size of the UK fleet is almost certain as investment in new ships continues to fall, the stockbroking firm of Phillips and Drew said in its latest shipping review.

This view is in line with recent statements about the uncompetitiveness of many shipping sectors from Penisular and Oriental Steam Navigation (P & O) and Furness Withy, controlled by C.Y. Tung of Hong Kong.

The amount of tonnage registered under the UK flag has fallen by 18 per cent over the past five years to 44m deadweight tons, while the world fleet has grown by 25 per cent to 691m, the review noted.

Taking total British owned and registered tonnage — not all operators use the national flag — the decline was an even more alarming 29 per cent to 36m dwt. Phillips and Drew said the main reason for the fall was the faster than average increase in UK operating costs.

It estimated that labour accounted for 15-20 per cent of total cargo operating expenses. UK crew costs, while similar to those of other European countries, are well above those of other nations which have been gaining market share as a consequence. These include countries in the Far East.

As well as crew costs, Phillips and Drew reckoned that the cost of other benefits more than doubled standard salary costs. These include travel for wives, mortgage subsidies, good relief conditions (eight months on, four months off), and favourable training facilities.

The high level of compliance with stringent UK safety standards, increasing containerisation —each container ship replaces six or seven liners—and adverse currency movements have also played a part in the fall in tonnage and profit margins.

Another problem is that some 60 per cent of total UK shipping revenue comes from cross trading, where British vessels carry cargoes for other importing or exporting countries.

Only the Greek, Norwegian, and flag of convenience fleets like those of Liberia and Panama have higher proportions of cross trade business, the stockbroking firm said. This revenue will come under strong pressure from countries wanting a higher share of their own export and import business.

How the protection of intellectual endeavour fell behind the times

WHAT HAS an Iris Murdoch novel in common with a motorcar exhaust pipe? Or a Norman Parkinson photograph with a Littlewood's football coupon, or the BBC's Nine O'clock News with a railway timetable? Or, for that matter, a video-recording of For Your Eyes Only with the Financial Times?

Very little, except that they are all protected by copyright.

The span of copyright is extensive and complicated. It affects many industries from show business to computers and includes manufacturers of mechanical components, schools and universities, libraries, broadcasters and publishers.

Copyright exists to protect the products of intellectual endeavour, according to the Government's consultative Green Paper unveiled yesterday. At present it is covered by the Copyright Act 1956 which extended protection to cover films and broadcasts.

Mr Reginald Eyre, Parliamentary Under-Secretary for Trade, said yesterday the 1956 Act had lasted well, but it was time it was reviewed.

The need to modernise the law was realised some time ago. A committee, set up in 1973 under Mr Justice Whitford *to review the law*, reported in early 1977.

The Government has published this Green Paper more than four years later. It makes several recommendations, but also leaves some problems unanswered.

It is inviting submissions to the Trade Department for debate. Mr Eyre declined to give any indication of the timing of any proposed legislation.

It would seem unlikely there will be any change in copyright laws in this Government's lifetime.

Dramatic and unforeseen *technological changes since* 1956 have had a significant impact on the protection of intellectual endeavour. New areas need protection.

In 1956 the computer was in its infancy, the stencil duplicator had not been overhauled by the now ubiquitous photocopier, and home tape-recording was limited. Home video-recorders were science fiction.

As the law stands it is illegal to tape-record from records or radio without paying the copyright owners. The record industry, which blames falling sales on unauthorised recordings, wants the Government to impose a levy on blank tapes.

Similarly, the growth industry of video-recorders is based almost entirely on their technically illegal use. By far the biggest use of video-recorders is to "time shift," in other words to record programmes for playing back at a more convenient time.

Video has also spawned a large pirate industry. Films are illegally copied and sold as pre-recorded video tapes without any payment to the film makers.

Earlier this year Sir Alfred McAlpine International agreed to pay £8,500 damages and costs for recording television programmes to show its project staff in the Sudan. A Leicestershire public school had to pay Novello, the music publishers, £4,250 for illegally photocopying and printing Christmas carols.

Because the penalties for breach of copyright are so low most of the action to discourage its infringement has been taken through civil action, mainly to discourage the many other abuses of copyright.

Jason Crisp looks at the Green Paper proposals for changing copyright law

THE GREEN PAPER published yesterday covers 18 broad areas affected by copyright, including the following:

Industrial design: The Government wants to stimulate competition in manufacturing industry by removing the protection of copyright from purely functional spare parts.

It agrees with the original recommendation of the Whitford report that an article with an aesthetic aspect should be protected.

The Green Paper disagrees *with the report's recommendation* that protection should be extended to functional products. These should not be covered unless they can attract patent protection for inventiveness.

The purely functional is unprotected in most other countries. "It follows from this that British spare parts manufacturers are at a disadvantage compared with foreign competitors. The Government does not consider that placing British industry in this disadvantageous position is in the national interest."

The general appearance of an article should be protected in so far as it is not dictated by the function which it has to perform. The Green Paper cited a car exhaust pipe—BL *recently claimed* an *injunction* and damages in the High Court against a company it alleged had infringed a BL design.

Audio and video recording: The Green Paper rejects pleas from the record industry to impose a levy on blank tapes to compensate it for lost revenues.

It estimates that the record industry loses £50m in a year. This would result in a £1.40 levy on a blank casette, doubling the price of a medium grade C-90, which it says is inflationary.

Between 15 and 20 per cent of the levy would go to foreign performers, it argues, and 65 per cent of LP sales are by foreign-owned companies.

The government would respond to the successful introduction of a "spoiler system" which affects the recording by considering making it illegal to make "anti-spoilers" as a counter-measure.

Video-recording for private purposes does not appear to damage commercial interests as it is mainly used for time-shifting. The video-recorders are not a threat to producers of pre-recorded video-cassettes as they canont copy them except when they are broadcast.

The present criminal remedies for copyright infringement are too light. One of the biggest problems is the piracy of films.

The government proposes to make penalties stiffer and to make it a criminal offence to be in possession of an infringing copy in the source of trade. This would make it an offence *to sell pirate tapes as well as* to make the recording.

The scope for the award of penal damages for flagrant infringements should be broadened, said Mr Eyre.

Photocopying: At present photocopying of copyright documents is allowed to the extent that it is "fair dealing" in the sense that it does not compete with the author's work and diminish sales.

There is widespread abuse of the allowed exceptions, particularly with multiple photocopies being made of the same work.

The Green Paper says the rules should be tightened up to ban multiple copies for commercial research without copyright owner's consent. But individual students should be able to make photocopies, and libraries should be allowed to help them.

Computers: Computer programmes should attract the same protection as a literary work. This would apply whether the program is written down in a conventional form or stored on magnetic disc, tap or microchip.

On the right to control the use of a computer program, the Government says it is sufficient for the copyright owner to have control over the initial loading of the program into the computer. If the owner wants further control or recompense this should be done through licensing.

Performing Rights: Record producers should be entitled to seek payment from hotels and holiday camps which play *records for the benefit of residents.*

Conversion damages: The Green Paper proposes to abolish the system whereby someone in a civil action can claim a sum equal to the full sum of the infringing copy.

UK NEWS — PARLIAMENT and POLITICS

Gulf States look at EEC jobs plan

By Margaret Van Hattem, Lobby Staff

ARAB REPRESENTATIVES of the Gulf States have expressed interest in a plan to mop up surplus petrol-dollars and divert them into developing alternative energy sources and restructuring industry in Europe, members of the Democratic Group of the European Parliament claimed yesterday.

The group, mainly British Conservatives, seeks support from EEC Governments for its plan to abolish unemployment in the Community.

It proposes that Britain become a full member of the European Monetary System; the EEC conclude an agreement with the oil-producing Gulf States to issue index-linked Euro-bonds to mop up their surplus; EEC money be diverted from agriculture to regional and industrial policy; and that a Community industry policy be formulated.

Sir Fred Catherwood, a member of the group, said that he had discussed the second part of the plan with representatives of the Gulf States, who indicated interest.

"In public they talk politically, but in private they are so anxious to get a stable relationship that they will do it. They are extremely anxious to start negotiating," he said.

The group believes that much of the $198bn Opec surplus forecast for 1980 and 1981 is available for investment in Europe, subject to suitably watertight guarantees by EEC member-Governments. This, it concedes, may be difficult.

It proposes an agreement, with the Gulf States specically, though open to all Opec members, whereby oil-producers guarantee deliveries of a fixed quantity of oil and a binding price formula while the EEC guarantees the value of a corresponding amount of their invested surpluses.

● Members of the Labour Party Home Policy and International Committees approved a draft policy statement yesterday outlining proposals for withdrawal from the EEC.

Strict controls on riot equipment

BY IVOR OWEN

PLASTIC BULLETS and CS gas will be used to quell any further outbreaks of street rioting and looting only "in the very last resort" and under strict control, Mr William Whitelaw, Home Secretary, assured the Commons yesterday.

He disclosed that most of the police chiefs called on to deal with the recent disturbances want to avoid using anti-riot measures which put at risk the traditional bond of trust between the police and the public.

The Home Secretary made it clear that Rolleston army camp on Salisbury Plain, which is being reopened to ease the overcrowding of conventional jails—exacerbated by the imprisonment of rioters—will be staffed by prison officers.

Mr Whitelaw echoed the views expressed 24 hours earlier by Mr Michael Foot Opposition leader, by appealing to MPs to ensure that the major debate on the rioting which is to be held in the Commons today takes place in a cool and calm atmosphere.

He stressed: "I accept that what we have got to deal with now is to put the police in a position to deal with serious violence immediately and restore public confidence."

Mr Whitelaw spoke of his apprehensions about the use of plastic bullets, which he suggested were widely shared throughout the House, and saw this as a justification for providing the police with a wide variety of equipment to preserve law and order.

He explained: "Neither I nor chief officers wish to see CS gas and plastic bullets used except in the very last resort and under strict control; but they should be available.

"Stocks of CS gas have therefore been reviewed, and appropriate groups of officers will be trained in the proper use of plastic bullets.

"They will be used only on the authority of the chief officer himself. I shall be talking to chief officers about the circumstances in which such authorisation might be given."

The Home Secretary confirmed that different types of water-cannon were included among the range of alternative equipment being examined.

Additional protection was being provided for normal police vehicles, and the need for specially protected vehicles was also being urgently studied.

Special helmets were being provided in increasing numbers, to afford additional protection to police officers, fire-resistant overalls had been ordered, along with more standard shields and new lighter shields.

Mr Whitelaw emphasised: "It is firmly the view of the chief police officers who have been most closely involved that their most effective approach lies in training their officers and developing their tactics for mobile and positive public order policing."

Mr Roy Hattersley, Labour's shadow Home Secretary, pressed for a categorical assurance that chief constables not wishing to employ the new anti-riot equipment and techniques now being so widely advocated would not come under any pressure to adopt them.

While agreeing that the police should be provided with the equipment needed to protect themselves, he warned: "Some of us are deeply opposed to equipment and techniques which change the character of the British police force and which will break down their traditional relationship with the people they serve and protect."

Mr Whitelaw reaffirmed that chief constables were alone responsible for the conduct of police operations.

While the full range of equipment would be available, no police chief would have to use it if he did not want to do so.

"It is up to them entirely," he said.

Questioned about the possible reintroduction of the Riot Act, Mr Whitelaw insisted that this was a matter which required careful study.

He declared: "We must make sure that any proposals put forward are actually going to help the police and help the public in what has been a completely new situation in our national life in the last ten days."

Disorders 'mean less resources for Wales'

BY ROBIN REEVES, WELSH CORRESPONDENT

THE RECENT serious disorders in English cities are likely to result in a reduction in the resources made available to the Welsh Development Agency, Mr Nicholas Edwards, Secretary of State for Wales, suggested yesterday.

Opening a Welsh Grand Committee debate on the work of the agency Mr Edwards said that the riots would mean competition for resources.

"The very fact that these events have taken place is bound to lead to a renewed drive to tackle the problems of inner city areas; and in simple terms that means competition for us and our areas of deprivation," he said.

Warmly praising the work of the agency, Mr Edwards said that during two years of the worst depression since the war, it had found occupants for 235 advance factories promising eventually to provide 7,000 new jobs.

For the second year running, space allocated to tenants, including that in vacated premises, exceeded new advance factory space built during the year.

"The success is all the more remarkable given that more factory space has been built in the last 18 months than in the whole of the previous four-year history of the agency," he said.

At the end of March, 2.6m sq ft was under construction, almost as much as the agency had completed in all its building programmes since 1976.

Even so, the current advance factory vacancy rate in Wales was still only about 10 per cent.

For the Opposition, Mr Alec Jones (Lab. Rhondda) said they wanted to see expansion and extension of the agency's work, and more imaginative use of its powers. Wales was losing more jobs than would be created. The Government had given the agency an impossible task and inadequate resources to tackle the high levels of unemployment.

Referring to the Public Expenditure White Paper, Mr Jones estimated that next year's WDA grant-in-aid would amount to only £37m compared with £61m this year.

Mr James Callaghan (Lab. Cardiff SE), the former Prime Minister, said that part of his constituency were suffering unemployment rates of 20 per cent.

He had never known such feelings of hopelessness among some of those affected. The £2m cost of the agency's ill-fated investment in P. Leiner & Sons needed to be set against a bill of at least £100m for unemployment benefit in Cardiff alone.

Callaghan: "take more risks"

Bovver boys put the boot in

MR WILLIAM WHITELAW, the Home Secretary, came before the Commons yesterday to make a brief statement on the new anti-riot weaponry being made available to the police.

But for much of the afternoon the minds of MPs were occupied by a different but no less emotive subject — what new weapons should be provided for the Speaker, Mr George Thomas, to deal with some of the Parliamentary bovver boys in the Chamber.

The first incident came during Scottish questions when Mr Ron Brown (Lab, Edinburgh Leith) strode across the floor of the House and planted a little red placard on the table in front of the Speaker as Mr George Younger, Scottish Secretary, was answering a question.

The placard bore the cryptic words "Hands off Lothian," apparently a reference to the Government instruction that Lothian Council should cut its budget by £47m as a penalty for over spending.

In fact, Mr Brown could not have chosen a worse moment to stage his demo. Since the street rioting of the past week the Speaker has clearly decided that the time has come for MPs to set an example of good behaviour to the rest of the country.

Mr Thomas did not hesitate. He immediately "named" Mr Brown thus triggering the procedure to have him ordered from the House.

Mr Younger moved a motion to suspend the offending MP and it was greeted with a chorus of approval from the Tory benches.

At that Mr Brown trooped out for a suspension of 20 days, the maximum penalty for a second offence.

In April he had been suspended for a week after accusing a Government Minister of lying.

It seemed a good example of the "short, sharp shock" treatment which Mr Whitelaw used to advocate for football hooligans.

Immediately after the Home Secretary's statement another Scottish MP, Mr Dennis Canavan (Sterlingshire W) moved a short Bill requiring parliamentary candidates to declare details of any remuneration they have received from the EEC Commission.

This was obviously aimed at only one person—Mr Roy Jenkins, who is standing for the Social Democrats in the Warrington by-election, where voting takes place today.

"An abuse of the House!" shouted indignant Tories, while a group of three Social Democrats sitting near Mr Canavan joined in the protest.

Relentlessly, Mr Canavan read out his indictment, despite repeated warnings by the Speaker that he was wandering far from the point.

Mr Jenkins, said the Scottish MP, was one of the "traitors who had deserted the Labour Party and constituents to take up a well paid job as President of the Common Market Commission for which he received an annual salary of £43,500 plus £40,000 a year in allowances.

Somehow or other, despite continuous interventions, Mr Canavan managed to struggle to the end of his speech—a performance which led Mr Patrick Cormack (C. Staffordshire S.W.) to comment: "If there was ever an example of opportunism we have seen it this afternoon."

Needless to say, the Conservatives voted against the Bill and it was defeated by a majority of 84 (119 to 203). Even then, Mr Canavan had the last word, observing that the result of the vote showed clearly that the Social Democrats had Conservative support.

John Hunt
Parliamentary Correspondent

Civil Service must reward management skills, says Rayner

BY GARETH GRIFFITHS

THE CIVIL SERVICE needs to ensure that management skills are highlighted in the careers and promotion of its senior staff, Sir Derek Rayner, the Prime Minister's adviser on efficiency, said yesterday.

In evidence to the Treasury and Civil Service committee he said that lasting reforms within the Civil Service in its attitude to savings had to include the accelerated advancement of promising individuals, and a "model succession policy" to promote to management posts individuals with the right track record.

He said he was looking at the possible requirement that heads of departments should give regular and personal accounts of what they had simplified, diminished or saved in a year and that departments should publish annual statements on the subject.

Institutional arrangements under consideration by the Rayner team include the aims and methods of central control of the Civil Service from the Civil Service Department and the Treasury, and the balance between them and departmental control.

A second consideration was how best to express the managerial authority of Ministers in charge of departments, and to define the responsibility and accountability of officials to Ministers via the Permanent Secretaries.

Sir Derek said the Department of the Environment's management information system (Minis) which has been used by Mr Michael Heseltine, Environment Secretary, as a way of cutting staff was right in principle but that the details could vary from department to department.

Sir Derek told the MPs that he had not brought in many people from outside the Civil Service to examine its efficiency because he would regard his work as a failure if it couldn't continue to be done by someone from inside the Civil Service.

However, instruments of reform would fail unless top management gave efficiency and savings high priority.

The Rayner scrutiny programme this year consists of 37 investigations covering 24 departments. Among them are the use made of diplomats overseas by the Foreign Office, Post Office errors, defence sales, and the international work of the Energy Department.

The planned cuts in Department of Health and Social Security staff have been thrown off course by the impact of rising unemployment and the need for extra social security staff to deal with it.

Mrs Lynda Chalker, the Parliamentary Under Secretary to the DHSS, told a conference at the Henley Business College yesterday that in April 1979, just before the Government came to office, there were 88,800 civil servants employed on the social security side, and that by April 1980 this had fallen to 86,900.

By April this year, however, it had risen to 87,900.

Mrs. Chalker said the effects of staff savings in the DHSS were much more slowly felt at local level, although within headquarters savings of 20 per cent in staff numbers would be achieved in the five years between 1979 and 1984.

In 1979-1980 the DHSS spent £870m in administration of benefits. Changes partly initiated from staff inspection reports would lead to a saving this year of $2m. By 1987-88 this would rise to £32m a year.

Rayner: "model succession policy"

Ministry admits risk of dockyard savings

BY ANDREW FISHER, SHIPPING CORRESPONDENT

MINISTRY OF DEFENCE officials admitted yesterday that there were risks in the Government's decision to cut back the capacity of the Royal Dockyards which service the naval fleet.

"We were faced with trying to devise a programme within what could be afforded," said Mr Alan Pritchard, Deputy Under-Secretary of State for the Navy, before the parliamentary select committee on defence.

"We tended to look very hard at support services as opposed to front-line ships."

The Government intends to close Chatham by 1984 and sharply reduce capacity at Portsmouth, leaving Devonport and Rosyth as the main dockyards.

"I would not pretend that this programme is not without risk," said Vice-Admiral Sir William Pillar, chief of fleet support at the ministry.

He added: "I can't quantify that risk. It depends how well management does and how well the workforce does."

Questioned by MPs on whether the yards would now be increasingly vulnerable to industrial action, Mr Pritchard answered: "If you have two dockyards rather than four, then clearly you are more vulnerable to this type of dislocation."

Mr Keith Thomas, chief executive of the dockyards, said the implementation of the defence review would cut total dockyard capacity from 600,000 man-weeks a year to around 400,000, of which three-quarters would be actual production.

He told the committee that Devonport would have the capacity to refit and refuel three nuclear submarines, with Rosyth having capacity for two.

Asked about delays on refitting the Swiftsure nuclear submarine at Devonport, Mr Thomas said this had been the result of an industrial dispute which took over a year to resolve.

The refit finally began in spring 1980.

It was not possible, he added, for the outside yards which built these submarines to do the actual nuclear refuelling and refitting on a contract basis.

Young Tories back Prior

By Elinor Goodman,

YOUNG CONSERVATIVES last night gave their support to the scheme being proposed by Mr James Prior, Employment Secretary, to cut youth unemployment.

The YCs wrote to the Prime Minister urging her to back Mr Prior's proposals for increasing training opportunities for young people and for boosting the existing Youth Opportunities Scheme.

In view of the recent riots, they said, it was essential that the Government made cutting youth unemployment its number one priority.

Ministers were last night due to discuss two schemes: one proposed by Mr Prior, which would involve a major increase in the existing programmes, and another put forward by the Prime Minister's personal adviser Professor Alan Walters, which would involve a form of subsidy to employers prepared to take on young people.

The YCs claimed that Professor Walters' scheme would not solve the problem because it would not offer young people the training they so badly needed.

Hospital changes planned

BY ELAINE WILLIAMS

SIX OF London's 12 specialist postgraduate teaching hospitals are to become special health authorities under reorganisation plans outlined yesterday by Mr Patrick Jenkin, Social Services Secretary.

The future of London's teaching hospitals has been uncertain for more than a year because of the increasing cost of running them.

Mr. Jenkin said that boards of Governors will become special health authorities at the Hospital for Sick Children, the National Hospital for Nervous Diseases, Moorfields Eye Hospital, the Bethlehem Royal Hospital and the Maudsley, the National Heart and Chest Hospital and the Royal Marsden Hospital will be retained but will become special health authorities.

'Vital' day for Civil Service pay dispute

BY PHILIP BASSETT, LABOUR STAFF

THE GOVERNMENT seems likely today to make fresh moves to try to end the 19-week-old Civil Service pay dispute, following the decision of leaders of the Council of Civil Service Unions to maintain their campaign of selective strikes.

However, it was still not clear last night which way the Government will move—whether it will improve marginally the 7 per cent pay offer or whether it will take steps to impose or even withdraw it.

Final decisions may rest with Cabinet Ministers today before any move is taken. Whitehall today is seen as vital to the future of the dispute.

A Parliamentary statement seems considerably less likely than a direct negotiation approach to Mr Bill Kendall, CCSU secretary-general.

It is thought that following informal discussions with union leaders, senior civil servants have been urging Ministers that an increase of about ½ per cent might be enough to end the dispute. Some Ministers, including Mr Barney Hayhoe, Civil Service Minister, seem to support this. But other, more hard-line Treasury Ministers may be against it. The final outcome might well rest with the Prime Minister directly.

However, perhaps the most likely prospect is that an increase in the offer by ½ per cent may be put forward, possibly after private consultations to see whether it would form the basis of a settlement. It would be made clear, though, that the 7½ per cent would still be contained within the 6 per cent cash limit.

Ministers are keen that this is not seen to be breached, following such successes as the nurses' acceptance of 6 per cent.

If agreement is not forthcoming, the Government seems likely to move to one of three options—withdrawing the 7 per cent offer completely; imposing it across the board for all 530,000 civil servants; or imposing it selectively upon those civil servants who have not been involved in strike action.

The position was described last night in Whitehall as being "delicately poised," though it was recognised that today is vital for the future of the long dispute.

Mr James Prior, Employment Secretary, was yesterday sharply critical of the increasing effects of the unions' action on the payment of unemployment benefit. He said: "I deplore the way the civil service unions are going back on their earlier commitment to avoid causing hardship to unemployed people.

"The unions have now deliberately set out to stop the delivery to unemployment benefit offices of Girocheques which are used as a quick and secure way of paying out benefits."

He denied that the unions had offered to make payments by cash—though his denial was rebutted by the unions.

"The remedy is with the unions to withdraw their blacking action which can only cause increasing hardship," said Mr Prior.

Blacking of cheques transported by outside means has now stopped the payment of benefits at five offices. Easterhouse in Glasgow and Willesden in North London yesterday joined Hackney, Keighley and Kinning Park in Glasgow in halting payments.

The Department of Employment yesterday issued notices of suspension to a further 86 staff. The previous total of those on strike or suspended was put at 337.

The Inland Revenue yesterday confirmed the arrangements announced in the House of Commons by Mr Peter Rees, Treasury Minister, for the waiving of interest payments on overdue taxes, including income, corporation and capital gains taxes due after March 8. Businesses were advised that if they were entitled to exemption and received demands for interest they should contact their local tax collector.

Tilt at the defences of white-collar workers

THE PROBLEMS faced by companies hit by disputes in which the majority of their employees are not involved have long been a subject of contention within—and intermittent action by—industry.

Last month, the Engineering Employers Federation sought to take the issue a significant stage further with a call for legal changes to increase employers' powers to lay off "innocent" workers without pay when their companies suffer loss of business because of disputes. NICK GARNETT, of our Labour Staff, studies the EEF proposals and their implications.

UNIONS could become more vulnerable during disputes, under proposals made by the Engineering Employers Federation in response to the Green Paper of unions' legal immunities.

The EEF submission to the Government appears to be aimed at increasing vulnerability and at reflecting the long-standing legal "apartheid" between blue and white-collar workers on the issues of lay offs.

It is also clearly a reaction to the growing ability of white-collar unions is to take disruptive action and what the EEF sees as inadequacies in certain company and industry-wide agreements—including its own—which include clauses on when and on what terms lay-offs will be made.

The EEF submission says that employers should not have to maintain employees' pay when large sections of the economy are paralysed by industrial action (a long, national lorry-drivers' or power workers' strike, for example) and they are unable to continue operations.

Also, any company disrupted by industrial action by some of its employees should be entitled to lay off other employees without pay, even if their work is still available. This essentially is directed at white-collar workers.

Because of what employers understand to be the law, the nature of specific lay-off agreements where they exist and the difference between hourly-paid and salaried employment contracts, white collar workers generally enjoy greater protection—in some cases virtually total—against temporary lay-offs without pay.

The Civil Service has been considering laying off without pay staff who are working normally during the current dispute but it is convinced that under present law it cannot do this.

There appears to be no common law right to lay off without pay where an internal or external dispute is affecting innocent workers or where trade is slack. There seems to be legal backing for doing this, however, where circumstances are beyond the employer's control—such as shortage of supplies or power failure.

Although some employers say the effect of all this could be that there is little difference in law between hourly-paid and salaried employment contracts, others say such a difference allows managements much greater powers for laying off without pay blue-collar workers because of the nature of their hourly-paid work contracts.

But whatever the law says on this issue is effectively superceded if companies or industries have guaranteed week agreements or an equivalent.

These contain clauses which specify under what circumstances workers are guaranteed specific payments during periods of temporary lay-off. The agreements, almost always solely for hourly-paid workers, cover short-term lay-offs. Beyond that, they are either suspended or dovetailed into short-time working, operated on a totally different basis. Alternatively, manual workers are expected to fall back on unemployment benefit.

These guaranteed payments generally operate instead of State-guaranteed pay of £8.75 a day for five days in any three months. The Employment Department say companies are not required to pay this when lay-offs arise because of internal disputes.

In internal or external disputes, companies generally are obliged to pay "innocent" white-collar staff their normal salary. This sometimes results in companies paying foremen but not manual workers.

About 9m workers covered by national agreements have guaranteed work agreements or their equivalent—at Vauxhall and BL they are known as earnings security agreements. Ford has no separate agreement but includes lay-off arrangements for hourly-paid workers in its general employment agreement.

The unions say that with guaranteed work agreements in some ways they are giving up benefits in common law. They argue, however, that with the uncertainties of the law, the arrangements at least state workers' entitlements in lay-offs. Also, they can prevent more drastic measures, such as the total shutdown of plants during selective disputes, the unions say.

Employers say agreements provide short-term buffers against production uncertainties—particularly valuable in the motor industry—help to instil greater confidence among the workforce and are good for industrial relations.

The EEF submission argues that greater legal backing for laying off workers without pay during selective industrial action in the same company would help industrial relations. The move would be understood by the public and would be more readily acceptable to unions than tampering with immunities, says the EEF.

White-collar unions obviously are opposed to such legislation. Manual unions say it would result in escalating disputes, would create greater bad feelings and could lead to heavier production losses.

Part of the background to the EEF submission is the growing influence of white-collar unions.

Part of the EEF's difficulties are found within the nature of its own guaranteed week agreement.

The EEF agreement says that in the event of work not being available for the whole or part of the five days, workers are assured their time rate for 40 hours. It has no specified time limit for the guarantee.

At Ford, the period of benefit lasts 20 days. Crane Fruehauf pays a maximum of one contractural week's basic hourly rate in any 13 week period but there is a reserve pool of cash to pay an extra 30 hours if necessary.

Vauxhall's pay is the day shift base rate for up to the first 40 hours in each quarter. This can be carried forward if not used to a maximum of 80 hours. BL guarantees 120 hours pay in any quarter.

British Rail says that its agreement—whose principles go back to 1919—provides for basic pay with no automatic time cut-off.

Companies covered by the Chemical and Allied Industries joint industrial council have specific time limits for the operation of the guarantee, depending on circumstances.

Most, if not all agreements, contain clauses which say that the guaranteed week is suspended if lay-offs arise because of internal disputes within the plant or company of the affected workers, if they are not available for normal work or in some cases to do reasonable alternative work.

In the EEF agreement, payments are suspended in the event of production dislocation as a result of a dispute in that company *or any other federated company.*

At Ford, however, payments would still be made if lay offs resulted from the failure of supplies, from whatever cause, external to the company. Ford's agreement, like many others, assumes that its own workforce should cross picket lines to maintain eligibility within the agreement.

At Crane Fruehauf, the agreement is suspended if there is any internal dispute within the particular group of workers concerned. If action is taken by another group in the same division, an "innocent" group is entitled to a maximum of one week's pay in any one year during lay-offs.

Vauxhall includes two clauses suspending the agreement either because of national emergencies leading to supply restriction, or delays resulting from public transport or weather problems.

Further information in Incomes Data Services Study 235.

Plan for £100m rail saving in 5 years

BY PHILIP BASSETT, LABOUR STAFF

BRITISH RAIL hopes to save £100m in the next five years if unions accept proposed changes in working practices.

BR said yesterday that progress had been achieved in a crucial two-day round of talks with its unions on improvements in productivity.

The outcome of the discussions at Watford was relayed by BR to officials at the Department of Transport. BR and its unions will report on the electrification plan at a future meeting of the Rail Council, the industry's consultative body.

The main achievement so far has been to "begin" talks about train manning overall, rather than front-end manning, mainly involving the train drivers' union Aslef, and guard manning levels, mainly involving the National Union of Railwaymen.

Though on the face of it, this seems only a limited accomplishment, in the delicate task of coaxing the unions forward it was as one BR official put it, "a very important step."

The two unions will now hold an early joint meeting on July 31.

If, as expected, that meeting is successful, and is approved by union executives, it is likely to lead to discussions on further major changes.

BR drew comfort from the fact that the unions, and especially the NUR, did not insist that any improvements in pay be made across the board, but that they might go to the staff directly responsible for generating them.

Since 1 per cent on BR's pay bill is about £18m, this improves the prospects for this involved most directly in the changes.

BR was relieved, too, that the unions did not make any response conditional on such things as the outcome of the tribunal hearing into this year's pay offer of 7 per cent. The findings of the tribunal, chaired by Lord McCarthy, will be announced today.

NHS action review

BY PAULINE CLARK, LABOUR STAFF

AN END to the industrial action campaign in the ambulance service could be in sight. On Monday the National Union of Public Employees, representing the majority of Britain's 17,000 ambulance workers will hold a special delegate conference on their pay dispute which could lead to a settlement.

The riots in a number of inner city areas over the past two weeks are believed to have convinced some ambulance crews that a continuing campaign of action could be difficult to sustain.

The conference delegates will discuss whether action by local union branches should be continued and if not, which of the two pay options is most acceptable.

The four ambulance service unions have claimed a 15 per cent pay increase but have failed to achieve an improvement on a long-standing offer of 6 per cent over 12 months or 7.5 per cent over 15 months.

Following this week's acceptance by nurses of a settlement within the Government's health service cash limits, most other health service groups have settled for 6 per cent—apart from hospital administrative workers who are awaiting the outcome of the Civil Service pay dispute.

Mr Charles Donnet, national officer representing ambulance staff in the General and Municipal Workers Union, said a recent conference of his members had called for an early meeting with Mr Patrick Jenkin, Social Services Secretary. They want to clarify recent Government statements on the ambulancement's position during the riots as part of the emergency service alongside police and firemen.

Mr Donnet said it may be possible to build on the statements which could provide a solution to the ambulance workers key demand for emergency status.

ICI disruption spreads

BY OUR LABOUR STAFF

ICI's key Mond division, which supplies materials to the company's plastics and petrochemical plants, was almost halted yesterday as unofficial strike action spread among production workers.

The increase in industrial disruption came in advance of today's meeting between management and unions to discuss pay for some 44,000 weekly-paid workers. Unions have rejected revised 8.5 per cent offer.

Yesterday's stoppage involved 7,000 workers protesting at the suspension earlier this week of seven men at Castner-Kellner works, part of the Mond division in Runcorn, Cheshire.

Workers claim the seven men were discriminated against for joining a series of overtime bans and work to rules by Mond's 14,000 production workers.

International Appointments

CAREER OPPORTUNITY IN THE SWIRE GROUP

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The Swire Group in Hong Kong requires a Finance Manager for one of its principal Divisions.

The Finance Manager's responsibilities as a member of the management team will be to give support to the Executive Director of the Division in financial, accounting and administrative fields and also to assist managers of subsidiary companies in maximising company performance.

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Iraq

Project Accountant - £25,000

A substantial Swedish company active in international construction has an opening for an extrovert administrator for a large building project in Baghdad.

Reporting direct to a Swedish finance manager locally you will handle both accounting and personnel administration for the project which will have several camps housing some 90 European technicians and 550 Philippinos. Aged 28-45, with a recognised accounting qualification, you should have direct experience of project accounting in construction. You have probably worked already in a developing country and know you enjoy a mixed nationality situation. A bachelor status post with free, furnished accommodation and messing plus transport. Two year contract is renewable.

Please telephone 01-499 0342 for application form or send details of qualifications and experience under reference 1681/MRC/FT to:

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Treasurer

Abu Dhabi — c. £18,000 + 15% bonus

To join the head office of the Abu Dhabi Gas Liquefaction Company, a major producer in The Gulf with extensive offshore gas gathering facilities and one of the world's largest LNG plants.

The company generates large cash surpluses and the Treasurer will play a major role in the placement of funds on international money markets, foreign exchange operations, and in optimising short-term deposit facilities with international banks. In addition, the successful candidate will monitor credit control, prepare cash-flow statements, report on sources and application of funds, and operate short and long-term loan agreements.

Candidates, in their 30s, should be qualified accountants with substantial experience in a major financial organisation who are capable of assuming full control of this important activity within a major international company. The post offers an initial 3-year contract, married or single-status, and the excellent conditions of service will be discussed at interview.

Salary not less than 11,000Dhs per month, (c.£18,000pa) plus bonus.

Write for an application form or send brief CV to the address below, *quoting ref: AA25/7548/FT on both letter and envelope*, and advising us of any other applications you have made to PA Personnel Services within the last twelve months. Details may be forwarded to the client through the consultant who will be conducting the initial interview.

PA Personnel Services

Hyde Park House, 60a Knightsbridge, London SW1X 7LE. Tel: 01-235 6060 Telex: 27874

PA

A member of PA International

Management Opportunity

Corporate Audit

Frankfurt Based — Circa DM 70,000

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Approximately 50% of the year will be Frankfurt based with the remainder split between Scandinavia, Belgium, Holland, Italy and Switzerland.

Promotional opportunities to senior financial management are excellent.

You will be an ACA aged up to 32 with a good working knowledge of German or Swedish and sound experience gained either within a top professional practice or corporate audit function. Self-motivation, social awareness and the ability to succeed are the essential qualities required in this demanding but fulfilling role.

Telephone or write in confidence to M.J.R. Chapman quoting Ref: 5239.

Lloyd Chapman Associates

123, New Bond Street, London W1Y 0HR 01-499 7761

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EAL

Wardley Investment Services Limited seeks a Fund Manager to establish a branch office in Singapore with responsibility for managing existing sizeable funds in Singapore/Malaysia supported by close liaison of international strategy from Hong Kong Head Office. Significant scope for new business development in rapidly expanding financial centre.

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Candidates male or female should write briefly and in confidence to the Managing Director, Executive Appointments Limited, 18 Grosvenor Street, London W1, quoting reference. No identities divulged without permission.

Financial Accountant

West Germany

Approx. DM4400 per month plus 1 month's bonus

for a recognised world leader, part of a major international group, manufacturing and marketing industrial bonded diamond products and special grinding machines: Group turnover rose from U.S. $90 million (1970) to $500 million (1980): turnover of this subsidiary exceeds $20 million.

As Deputy to the Accounting Manager, the Financial Accountant will produce monthly and quarterly management accounts: quarterly reports: consolidation of associated Companies results: and supervise accounting functions within overseas Companies in Spain, United States, Mexico, Japan, Sweden and India, requiring considerable overseas travelling.

Candidates, 25 to 35, ACA, preferably single, a degree advantageous, must appreciate a wide range of accounting systems, desirably gained through management accounting in manufacturing. Spoken German essential and some spoken or written Spanish additional assets.

Please send brief details—in confidence—stating how the requirements are met to Lionel Koppen ref. B.42076.

MSL

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The successful candidate, preferably aged 28/35, will be a chartered accountant or certified public accountant with at least three years' experience in international reinsurance.

The company uses sophisticated EDP systems and thus previous exposure as a user of computer-based information is highly desirable.

Candidates should write in confidence with precise career details to:—

John S. Kemp, Vice-President and Treasurer
P.O. Box 1832, Hamilton, Bermuda.

P.A. to Senior Overseas Minister — Tax free salary

We require a literate, self-confident and personable young man to act as Personal Assistant to a Senior Government official in the Middle East. The successful candidate, aged 27-32, should be educated to University standard and have previous P.A. experience in either commercial or government sectors with an ability to work under pressure. Tasks will include speech drafting, monitoring continuity of policy and usual secretarial support. The position presents an interesting challenge in a demanding environment and is, initially, a one-year contract on a renewable basis. A very lucrative salary package is offered, plus accommodation (or appropriate allowance) and generous paid leave. In addition to the normal skills required, applicants must possess the ability to work with all levels of management and be capable of meeting deadlines at short notice. The working language is English but a knowledge of Arabic may be helpful though not essential.

Please apply in writing, giving career details, to: The Personnel Manager, Gray Mackenzie & Co. Ltd., 40 St. Mary Axe, London EC3A 8EU.

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Financial Times
10 Cannon Street
EC4P 4BY

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INTERNATIONAL LENDING OFFICER

The successful candidate, aged 28-35, should:

* be a graduate, preferably in business economics
* have experience in international banking
* be familiar with the Greek business world
* be fluent in GREEK, English and French

Assistant to the International Manager, he will be responsible for the development of a portfolio composed of Greek and Greek-oriented European companies and as such will have to travel extensively

Please send applications and CV to:
Box A7567, Financial Times, 10 Cannon Street, EC4P 4BY.

Unfair . . . blatantly unfair . . . and statistical

BY MICHAEL DIXON

WRITING ABOUT Paris James Thurber quoted a report by a local newspaper that the closing of the city's Institute of Actinology had not, of course, been achieved without *public disturbance.* Anywhere else in the world, Thurber commented, you could close institutes of actinology all day long and no one would bat an eyelid.

Similarly I suspect that anywhere but the Financial Times you could publish tables indicating that in most areas of university study the new women graduates were less unemployable than the men, and not get embroiled in complex argument.

Having printed such a table on June 23 the Jobs Column is assailed by contentions from an official quarter, which might be summarised as follows.

What I did with the statistics on the movements of new graduates was all very well in its way. But if I'd done something else which is arguably more appropriate, I would have found the opposite.

Had Alice been plunged, not into Wonderland, but into an attempt to convey in words an argument about statistics, she would not have confined herself to observing: "Curiouser and curiouser." She would have yelled "More and more confusing!" then gone home and raided the parental drinks cupboard. And I'd be inclined in much the same way if the new graduates—in question didn't each represent £15,000-£20,000 of public spending, and the future shape of higher education were not in question. But since they do and it is, I'll try to explain.

University studies can be divided into five main groups. One is medical studies which are exceptional in being directed towards particular lines of career. So I excluded medicine and confined myself to the other four groups. They are arts, social studies, pure sciences, and applied sciences.

Starting with the arts group, *I found out the number of new men graduates in the subjects concerned, whose whereabouts were known* at the end of the calendar year in which they took their degree. I then calculated the percentage of them who were believed to be still unemployed at the end of the year. Next I took the corresponding number of new women graduates in the arts group, and similarly calculated the percentage believed jobless.

This process was repeated for each of the other three groups of subjects.

So we could then see, separately for every one of the four main areas of study, the rate of unemployment among all the male graduates we had track of, and the comparative rate among their female counterparts. And we saw that over the past 11 years, while the female rate was the higher in applied sciences, the women were consistently less unemployable than the men in arts subjects, social studies and pure sciences.

		Number whose whereabouts were known	% believed jobless or in temporary work
Arts subjects			
1980	men	5,873	17.7
	women	8,758	13.2
1979	men	5,782	17.5
	women	8,678	14.2
Social studies			
1980	men	9,965	12.9
	women	6,360	11.4
1979	men	9,575	11.96
	women	6,086	12.08
Pure sciences			
1980	men	9,997	12.5
	women	5,221	8.4
1979	men	9,756	10.3
	women	4,859	8.5
Applied sciences			
1980	men	9,539	6.2
	women	936	9.2
1979	men	9,142	3.9
	women	791	7.5

Since this seemed surprising as well as a reasonable yardstick of comparative unemployment rates between the sexes, I clocked off for the evening feeling fairly pleased with self.

But it has now been objected that the result would have been different had I included medicine and, instead of making separate comparisons within each subject group, taken all the groups together. In that case there would have been a smaller percentage of unemployed among all the new men graduates than among all the women.

That is no doubt true. It brings to mind, however, a new version of an old saying: There is unfairness, blatant discrimination, and statistics.

For the total calculation which would vindicate the male would leave something out of account. It is that students of some subjects such as electronics engineering have—almost by definition—less difficulty in getting jobs than do students of others such as contemporary English with drama and the theory of needlework. Men are concentrated in the subjects with high inherent employability, and women in those which score low with employers.

Bias in a similar direction would also result if, as has also *been suggested by my critics*, the unemployment rates were calculated on a different base.

This suggestion is that it would be better not to calculate the rate as a percentage of all the graduates in each category whose whereabouts are known, because many of them do not go into the UK labour market. A lot, for example, continue into further education or training. It would therefore be *more appropriate* to calculate the rate as a percentage only of those entering the UK labour force.

Women, however, show a considerably greater tendency than the men to aim for work such as teaching which requires a period of further training before one can start the job proper. The "UK labour force only" base would once again skew the result in favour of males.

My original method, for all its faults, at least made some compensations for the anti-female bias implied in either of the suggested alternatives. But there is still another objection.

It is that men are more likely than women to enter a job intending to make it into a long-term career, instead of flibbertigibbeting around with temporary stop-gaps. Thus if new graduates in only temporary work were added to those believed unemployed, the males would have the better jobs-market record.

Right then! I have made that addition, calculated the results on the same basis as my original exercise, and show the results in the accompanying table for each of the last two years. Between them, unfortunately, the statisticians responsible for the university figures have changed the criteria by which some work is deemed temporary and other work otherwise. I do not know the details of this change. But it seems to reduce the numbers categorised as being temporarily employed. So conventional wisdom would have it that the change has been in favour of the females.

Before it was made the "at best temporary jobs" rate among females was the better in arts and pure sciences and only 0.12 of a percentage pzoint *worse in social studies.* Last year the female rate was the better all round except, as always, in applied sciences.

So the highly educated women are still adjudged the winners, which I hope sets the record straight for all to see—and, as far as this column is concerned, puts paid to that particular skirmish in the sex war! Next time I'll be reporting some job offers.

FINANCIAL DIRECTOR

(Designate)

Berkshire **£13-15,000 + car**

THE COMPANY, a subsidiary of a major group, is a manufacturer of components supplying a variety of industrial customers. A forthcoming re-organisation will entail the introduction of new products and markets, resulting in a dramatic increase in turnover, employees and production facilities.

THIS EXPANSION has created the need for tighter controls and a high level of financial expertise. After introducing sophisticated computer facilities, the successful candidate will assume the complete responsibilities of a Financial Director.

CANDIDATES, ideally aged 28-35, must be qualified accountants with the acumen and personality associated with a position of this importance. An industrial background and experience of computerised systems are essential.

Please apply in confidence to Sir Timothy Hoare.

Chichester House, Chichester Rents, **Career plan** LIMITED London WC2A 1EG. Tel: 01-242 5775

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Central London c.£20,000 plus car

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The role is a challenging one involving the management of a staff of around sixty people who handle a wide range of trusts including executorships, family trusts, debenture and loan stock trusts, pension funds and unit trusts.

The ideal candidate is likely to be over forty years of age and a solicitor or barrister, although an accountant or other professionally qualified person already working for a corporate trustee in a managerial position could also be suitable.

Candidates should have extensive experience of all branches of trust business and a sound knowledge of life assurance and off shore work, preferably gained with a bank, merchant bank, insurance company or other similar institution.

The starting salary will be in the region of £20,000 and the benefits package will be comprehensive, including a non-contributory pension scheme and a company car.

Please telephone (01-629 1844 at any time) or write – in confidence – in the first instance for a personal history form. A. R. Forrest ref. B.1887.

This appointment is open to both men and women.

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Management Accountant

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- RESPONSIBILITY will be for forward plans, budgets, cashflow forecasts and for the design of related control systems together with the provision of management information and the costing of new and existing products.
- A QUALIFIED ACCOUNTANT with closely related commercial experience is required. Preferred age early 30s.
- SALARY dependent on experience but up to around £14,000 p.a.

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to J. B. Tonkinson as adviser to the company.

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Chief Accountant

Mid. Sussex **From £12,000+car+benefits**

One of the largest independent travel companies has, through recent growth, created a new position for a qualified accountant aged 28-32 who has some commercial experience.

Reporting to the Managing Director you will control a small department and be responsible for the development of computerised accounting systems and the provision of accurate management information.

The recent and proposed expansion of the company, together with its generous range of fringe benefits makes this an exciting and challenging opportunity.

Contact John P. Sleigh, FCCA on 01-405 3499 quoting reference JS/556/CPF

Lloyd Management
Recruitment Consultants
125 High Holborn London WC1V 6QA 01-405 3499

Institutional Sales

Late 20s Salary negotiable

This fast-expanding Issuing House provides a range of financial services to leading UK institutions and is seeking to exploit major growth potential in this area. The need now is for a person with a stockbroking background to join the small team of institutional salesmen and to build on existing, well-developed relationships. A management role will take on increasing importance in this rapidly growing activity. Candidates, in their late 20s, should have experience of dealing with institutional clients and, ideally, some knowledge of corporate finance. A business or other degree would be an advantage. The style of the company is informal and entrepreneurial, and the remuneration package will be attractive to those earning around £20,000.

Write for an application form or send brief CV to the address below, *quoting ref: SM51/7722/FT on both letter and envelope,* and advising us of any other applications you have made to PA Personnel Services within the last twelve months. No details are divulged to clients without prior permission. Initial interviews will be conducted by PA Consultants.

PA Personnel Services
Hyde Park House, 60a Knightsbridge, London SW1X 7LE. Tel: 01-235 6060 Telex: 27874

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10 Cannon Street, London
EC4P 4BY

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Please write to me in the strictest confidence:

A. J. S. Harding, Managing Director,
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The company is a major British organisation with a consistent record of substantial growth in turnover (currently c.£1,000m) and profit. Its international activities are broadly based, with the strong emphasis on primary industries.

The Group Public Relations Executive – a new post – will report at Board level and be responsible for the planning, development and implementation of public affairs and PR programmes geared to the economic, financial, political, social and industrial environments in which the company operates.

The requirement is an experienced public relations professional, aged not less than 35, with particular strengths in Government and City relations and a thorough understanding of the dynamics and management processes of a large international company.

Salary is not restrictive, but is likely to be in the £25,000—£30,000 bracket: Location – City of London.

Please write in strict confidence with full personal and career details, quoting Ref: 145/FT, to Philip Smith:–

Philip Smith
Manpower Consultants
85-87 Jermyn Street, London SW1Y 6JD

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Our client is seeking to appoint a Trust Manager for a small team in contact with individuals and organisations, handling financial and insurance affairs.

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Impeccable integrity and a professional presentation in both dress and manner are important attributes, together with tact and an ability to assess personal financial situations.

An attractive salary will be offered together with a car and other benefits which will reflect the importance the trustees place on this appointment.

This appointment is open to both male and female candidates who should send adequate particulars initially, in confidence, to Peter Lee-Hale,

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Reporting to a Main Board Director, the successful applicant should be an innovator with solid commercial experience in view of the company's varied overseas activities. From time to time, some overseas travel may be involved.

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Neg. to £15,000 + Car + Profit Share

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235 Finchley Road London NW3 6LS
Telephone 01-794 0124 (24 hrs)

de Zoete & Bevan

As a leading City stockbroker we are seeking to reinforce our General Office management and are currently looking for an

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Preference will be given to applicants aged 30-40 with a professional qualification, but all applicants must have several years' experience either:

—as a general office section manager in another member firm or

—as a senior responsible for major stockbrokers' audits.

The successful applicant will initially ensure that the Client Ledger Department is operating the most efficient systems following computerisation before broadening his/her responsibilities to overall cash control within the office.

Please send brief curriculum vitae to:

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de Zoete & Bevan
25 Finsbury Circus
London EC2M 7E

MARKETING OFFICER

A major bank with a global branch network wishes to engage an additional experienced lending banker for a major rôle in the further development of its European business, entailing some European travel.

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There are significant promotion prospects in line with the bank's short to medium term expansion. Salary c. £15,000 plus benefits.

Please telephone David Little

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As a result of increasing corporate finance business, four of our clients—all leading members of the Accepting Houses Committee—each wish to engage a newly qualified Chartered Accountant.

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Please telephone Peter S. Latham, Director

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This position will appeal to an energetic individual who now wishes to make a major contribution to a highly successful company, replacing the present Managing Director when he returns to America.

Please contact F.J. Stephens who is advisor to the company and will treat all enquiries in the strictest of confidence.

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The initial roles, based at the Company Headquarters, located in the London area, involve preparation and consolidation of accounting information, budgets, forecasts and Group Plans, Board Reports and papers; statutory accounts; additional computerisation and special investigations. There will be contact and liaison with the subsidiary companies in addition to the multi-functional Corporate H/Q.

Please apply in confidence to B.H. Mason at 78 Wigmore Street, London W1H 9DQ, with relevant career and personal details, quoting 6059/FT. Both men and women may apply.

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This new position reports directly to the Financial Director of this substantial Group. The appointee will be responsible for compiling management accounts and statistics for the subsidiaries and will liaise with the Financial Controllers and carry out ad-hoc exercises, special studies and financial analysis work where appropriate. The ideal candidate will have been in practice and have a couple of years' experience in a similar position. Promotion prospects with this expanding Group are excellent. *Ref: 45324/FT.*

Male or female candidates should telephone in confidence for a Personal History Form, quoting the appropriate reference to: *N. Mallinson*, 0742-731241; *Bank House, 100 Queen Street*, SHEFFIELD S1 1UF.

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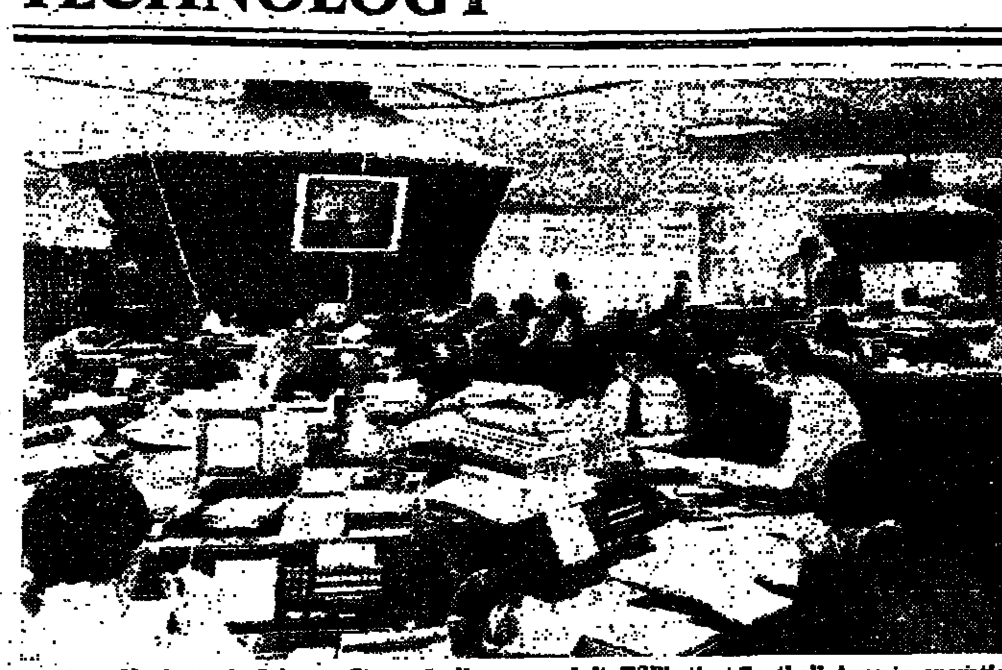
EDITED BY ALAN CANE



Chase Manhattan's Coleman Street dealing room, left, PSP's tiny Copthall Avenue operation, right. Large or small, the banks need foreign exchange systems.

Dealing, with a screen for company

First of a new series of articles in which **Alan Cane** examines the ways the banks are automating their operations: **Foreign Exchange**

THE FINNISH Post Office Savings Bank, the Postipankki, opened its doors for business in the heart of the City of London's banking sector at the beginning of the year.

Trading as PSP and Company (UK), this little bank is the first fully owned Finnish bank in London, yet it has one of the most advanced foreign dealing rooms to be seen anywhere.

Just a few streets away, the mighty Chase Manhattan Bank, acknowledged as one of the world's leaders in banking technology, has just installed a new foreign exchange system in its already highly automated dealing room.

These banks, and many others like them, have abandoned the slow and labour-intensive methods of the traditional dealing room for computerised accounting. Manual methods were satisfactory—if clumsy—until the beginning of the 1970s when the industrialised countries decided to abandon fixed rates of exchange and float their currencies. Since 1973, international money markets have been characterised by the existence, simultaneously, of every variety of exchange rate system. This new era has been marked by violent rate fluctuations that would not have been tolerable in earlier times.

Acording to Mr Melvin Haskins, managing director of BIS Banking Systems, a major supplier of foreign exchange software: "The banks were having considerable difficulties after 1971 once exchange rates were floated in finding out what their position was every day, not only in foreign currency, but in pure accounting terms."

The answer was, for some at least, automation, and that meant writing, or buying, a foreign exchange system. Almost 10 years on, the chief competitors are clear cut. BIS Banking Systems offers a package called Midas. Arbat, a subsidiary of merchant bankers Arbuthnot Latham, offers a package also called Arbat. Hoskyns offers Kapiti, Logica offers Trader and Alfergo offers Orbits/Portfolio Manager.

They are all well regarded, with Midas the out-and-out market leader with over 150 installations world-wide. This year it was awarded the Queen Award for Export Achievement for earning over US$16.5m for BIS since 1975.

Multi currency

And they are all British; Mr Haskins explains: "There are hundreds of American dealing and accounting systems—and as long as you want to deal and account for everything through the US dollar, they are fine. But what is important about Midas and its UK competitors is that they are multicurrency systems. They will operate in any currency and they will account in any currency."

Midas is a textbook example of a successful software product. It was developed originally by a tiny software house specialising in banking software, Kingsley-Smith and Associates, which was saved from liquidation by merchant bankers Samuel Montagu and then sold to BIS when Montagu decided it was a banker, not a software specialist.

The Midas system started in a modest way, running on a small IBM computer, the System/32, cheap and effective. It was, and still is, a small, tight economical system for branches rather than head office. Chase Manhattan, the biggest user of Midas with plans to install the package in 50 or more of its branches worldwide, is the perfect example.

Mr Lynn Egy, Chase vice-president with responsibility for all the bank's computer operations outside the U.S. says: "We have 26 installations already up and running in a variety of locations across the globe. Most of those do not have a single systems analyst, computer programmer or computer technician, yet we have never had an operational fault in the software."

"We have had the odd software bugs (faults), but the systems have never stopped, they always run to completion and produce a useful result."

And at PSP, its data processing manager, Dermot Pearce, points out that he was faced with the task of getting a foreign exchange system up and running in less than five months. An old Midas hand, he argued: "I told PSP that if it took Midas I could get it up and running by the deadline. If it took another system, I could not guarantee that because I would not know what was involved."

While it is hard to find a customer with a bad word for Midas, it is by no means perfect. Arbat, for example, which is certainly number two in the foreign exchange stakes, is reckoned to be far better on dealer aids, while Kapiti is said to be easy to install but limited in application.

These are not immensely complex systems. They do simple arithmetic, keep track of the dealing and accounting and provide rapid management information. It can all be done easily on large mainframe computers—but at a price.

Arbitrage

In London and New York, Chase has installed a new system, FEATS, which it wrote itself. According to Mr Richard Portnoy, assistant general manager (operations), FEATS is a front end management information system while MIDAS is a back office system geared to operations. It helps, for example, to spot arbitrage possibilities. "FEATS is our way of getting the dealers in touch with technology."

This is the big move in foreign exchange software — getting the technology onto the dealer's desk and getting them to use it.

For BIS, the major trauma in the development of Midas was to move from the off-line System/34 computer to the on-line, real-time System/34 (and soon to the very sophisticated System/38). It costs more than BIS could sensibly afford, but it was essential

Mr John Prosser, managing director of BIS Software says: "The System/34 gave us the opportunity to move Midas up-market to a computer that was not much more expensive than the System/32 in real terms. It was the way in to the bigger banks."

The actual investment was about £500,000, a huge amount for a company then turning over only about £2m (now the figure is £16m and growing steadily).

The aim now is small screens on the dealers' desks and keyboards for the dealers to input the information. There is some dealer resistance: Lynn Egy says: "These guys do not want to be treated as input clerks."

On the other hand, Richard Portnoy says the FEATS system has been well received by dealers: at PSP the dealers seem happy with a plethora of screens and keyboards.

The ideal is a small screen on the dealers desk which will display Reuters and other on-line information, incoming telex messages and the essentials for foreign dealing.

It implies a software package which encompasses the "electronic bank." And that is how the blue-chip banking software companies are going, using their general accounting and foreign exchange packages as a foundation.

This article is based on a booklet about the Midas system written by Alan Cane and available from BIS on 01-633 0866.

Financial planning at the fingertips

DESK-TOP financial planning at the fingertips of the manager is claimed to be made available by a newly introduced microcomputer software package called Decision Modeller. The system is said to offer large cost savings compared with comparable facilities which have previously only been available on mainframe computers.

A British software house, Intelligence (UK), has built upon its existing system called Micromodeller which has already been bought by 600 organisations, mainly in the UK, since February and is shortly to be launched in Continental Europe.

Whereas Micromodeller is a generalised language aiding more sophisticated users in projects such as the devising of company budgets, Decision Modeller is a predefined system which is designed to be accessible to a wider spectrum of management.

Intelligence (UK) has linked up with an independent management consultant, Mr Geoff Smith, who over the past three years has developed a model for financial ratio balancing and interlinking over a wide range of businesses.

Previously available at a higher cost on mainframe computers, this system of interlocking management ratios is now the basis for the microcomputer program. At the moment on the Apple, it will be available on other micros such as the Commodore Pet within a few months.

Decision Modeller allows managers to identify the inter-links between key decision factors like prices, costs, working capital levels, pay, profit and returns on capital. It is especially suitbale for analysing value added.

The system is being sold on a mass market basis through 400 dealers. The price for Decision Modeller is £535, though it can only be used in conjunction with the £425 Micromodeller (which includes a graphics facility). Including the cost of the Apple hardware, a manager can have the complete system on his desk for under £4,500.

Through a series of questions and answers, managers can readily consider the various options in terms of business decisions so as to arrive at an optimal financial balance.

Although suitable for quite small companies, it is also aimed at the subsidiaries and divisions of larger groups. For the large company, the Apple computer offers the facility for large numbers of micros to be linked through a central storage device. Intelligence is on 01-947 9846.

BARRY RILEY

..POINTERS..

Hydraulic test

WIDELY USED in the North Sea for swift and sure pressure testing of all types of actuators, manifolds, surface and sub-surface valves, and so on, is a dual circuit hydraulic test unit from Drexel Equipment (UK), Waldron Road, Montrose, Angus, Scotland (0674 3156).

The company claims 20 years' expertise in designing and making custom-built hydraulic control and actuation systems for oilfields, and its latest product includes a Haskel air driven pump, five gallon stainless steel reservoir with a suction strainer and shut-off valve, sight glass, all necessary in-line filters, regulators and relief valves.

Each unit weighs only 50 kg and all elements are fully protected within a welded steel cabinet with a hinged double-latched cover and side carrying/lifting handles.

Sterilisers

NO EXTERNAL plumbing-in is required for two tabletop sterilisers offered for minor, decentralised, medical and surgical areas, says maker Drayton Castle of Clevedon, Avon.

Able to be plugged into a standard power supply, the 1000R and 800V units are portable, self-contained, and the company claims that the sterilisers require very little attention or servicing.

Likely applications include those at ward level—for single instrument sterilisation, accident/emergency wards, doctors' surgeries, dental surgeries and ophthalmic clinics.

Car phone

FROM MAJOR population centres in the UK it will be possible by September to call any STD number from an instrument in the car, using it in just the same way as an ordinary house or office phone.

Previously it has been necessary to make the call through a Radiophone operator and to use the "press to talk" techniques of mobile radio operation.

The London area transmitters are already in operation. The others will operate in Severnside and South Wales, The Midlands, South Lancashire, East Pennine, Tyne-Wear-Tees, Central Scotland and Grampian. Calls can only be made if the vehicle is within the radio coverage areas of each transmitter: a map is provided by British Telecom. The London area is already in operation.

The necessary in-car equipment can be purchased or rentment can be purchased or rented from Marconi Communications, Pye Telecommunications or Storno. The Storno equipment for example, costs £3,900 to purchase and install in the car, or it can be rented for £220 per quarter. British Telecom charges £100 per quarter for the service plus a flat rate of 4p for eight seconds on weekdays from 8 am to 6 pm.

Whirlyguard

ACCORDING TO a Sperry spokesman, helicopters are being lost in the U.S. at the rate of two a week, chiefly due to collisions with overhead power cables. The rate is belived to be commensurate with that in other developed countries.

To combat the problem, the company has developed and is offering a warning device that can be fitted in helicopters and light aircraft and will give the pilot time to take avoiding action.

The system makes use of the mains frequency electromagnetic field surrounding operational grid cables.

When a power cable is within range an audible warning is given and, the centre of a circular display lights up amber. At closer ranges a radial line on the display shows whether the aircraft is flying towards directly, obliquely towards, or parallel to the wires. More on 0344 3222.

هكذا من الأصل

ADVERTISING & MARKETING

BY MICHAEL THOMPSON-NOEL

COLOUR SUPPLEMENTS

'Do Fleet Street's new magazines make economic sense?'

A TECHNICOLOUR rainbow, or a bad dream in black-and-white? That is the question hovering over the national Press in Britain, given the current rush of interest on the part of Fleet Street in the launch of colour magazines.

As Harold Lind, a consultant who specialises in advertising and media affairs, put it at a conference in London this week: "We are at present in the depths of what is generally taken as the worst slump since the 1930s. Advertising in general has been somewhat less badly hit than might have been expected, but few (UK) national newspapers are at present trading at a profit. "For once, the screams of agony that the newspaper employers emit during pay negotiations have a distinctly genuine sound.

"Under these circumstances, you might imagine that Fleet Street newspapers want new, expensive, risky ventures like (they want) a hole in the head.

"But you would be wrong. Three national newspaper groups—Express Newspapers, News International, and Mirror Group Newspapers—have either carried out, or announced, their intention of establishing a Sunday colour magazine to be given free with their Sunday newspapers (the Sunday Express, News of the World, and Sunday Mirror respectively).

"A fourth national newspaper group, Associated Newspapers, has announced that next year it will set up an entirely new Sunday newspaper, which may or may not have a Sunday colour magazine attached—depending presumably on the success of the Sunday Express magazine.

"The circulation of the Sunday newspapers with long-standing colour magazines (Sunday Times, Observer, and Sunday Telegraph), amount together to about 3m. Each of the new magazines announced has a circulation of that order, and together they will add about 10m new colour magazines.

"At the same time, the TV Times, which in some ways can be seen as the closest competitor of some of these magazines, is greatly increasing its colour advertising capacity, as well as offering regional options which the colour magazines cannot possibly match.

"The first question is whether all of this is merely an example of Fleet Street lunacy . . . or is there more of an economic case than meets the eye?"

Prof Harry Henry pointed out that the first colour supplement in Britain was introduced by (Lord) Roy Thomson, with the Sunday Times colour magazine. Lord Thomson had cast covetous eyes at the colour advertising revenue enjoyed by the New York Times. But colour publishing was no easy road to growth, said the professor.

It looked as though colour supplements were in a form of double jeopardy in times of recession: liable to lose revenue not only because the whole market declined, but also because their percentage share of a reduced market also declined. "Of course, the converse is equally true, so that they do better than other media —other Press media, that is— in times of boom. But I have not yet been able to come up with any wholly satisfactory explanation of this phenomenon."

In conclusion Prof Henry reckoned that the three original colour supplements had found and filled a market gap. They had made it possible for the first time to target good-quality colour advertising to very large numbers of both sexes of the higher socio-economic classes, and had done so without materially reducing the volume of advertising in existing consumer magazines.

"They attained a peak of advertising revenue some seven years after their introduction, however, and although their advertising volumes have increased in the years since, advertising expenditure in them in real terms has not."

The new titles entering the field did not seem to have so promising an opportunity in the way of a market gap, he said.

Mr Lind produced figures for colour supplement advertising pages for the first quarters of four of the past five years (the gap was 1979, when the Sunday Times was absent).

According to Mr Lind, the number of such pages in 1977 was 1,047, in 1978, 1,370, in 1980, 1,867, and in the first quarter of the current year, 1,788.

The 1981 figure, Mr Lind told the Admap conference, was "amazingly good—only 10 per cent lower than the corresponding figure for the first quarter of 1980, when the colour supplements were still benefiting from the aftermath of the ITV strike the previous autumn, and more than a quarter higher than in the first three months of 1978, which was a very good year for advertising.

As for the outlook for advertising expenditure generally, Mr Lind said there was a "highly plausible" argument that the relatively boom-like conditions in display expenditure at present were merely the lull before the storm.

It could be argued, he said, that display advertising expenditure over the next couple of years was likely to follow the steep fall in classified expenditure.

"If that were true, the recent good showing of Press display advertising in general, and colour magazine advertising in particular, would be irrelevant to the situation facing the new colour magazines during their formative years, and the outlook for all of them would be extremely poor.

"Fortunately, plausible though it is, I do not accept this argument. The turn of 1981-82 may present something of a setback to advertising revenue — although if so, there is surprisingly little indication of it yet—but by the second half of 1982 the demand for advertising should be moving satisfactorily upwards towards an excellent 1983."

Examining the demographic profiles of the six Sunday newspapers which, if things go according to plan, will have colour supplements by next year, Mr Lind said that the magazines of the Sunday Times, Observer and Sunday Telegraph were attached to titles with circulations that were relatively low by Fleet Street standards, all were heavily biased towards the ABC 1 social classes, and all had something of a bias towards the younger age groups.

The new magazines (Sunday Express, News of the World and Sunday Mirror), however, were all attached to titles with (relatively) large circulations, the latter two of which were heavily biased towards the lower end of the social spectrum. But the Sunday Express was significantly different from the other two, possessing a high-class readership, 37 per cent of whose members were aged 45 or over —not so much of a drawback in terms of luring advertisers as might be imagined, said Mr Lind.

In general, he said, it was quite possible "to envisage a scenario in which there would be enough advertising revenue to support three new colour magazines with sales of an extra 10m copies—providing they were produced cheaply, efficiently, and reliably."

UK COLOUR SUPPLEMENTS—CATEGORY SOURCES OF ADVERTISING REVENUE (%)

YEAR	1969	1975	1978	1980
TOTAL REVENUE:				
At Current Prices (£m)	11.8	13.8	25.2	46.6
At Constant (1980) Prices (£m)	45.2	27.0	33.7	46.6
	%	%	%	%
Direct Response Mail Order	na	9	14	24
Other Retail	na	3	1	2
Total Retail and Mail Order	2	12	15	26
Motoring	13	11	12	11
Household Equipment, etc.	8	9	10	9
Financial, etc.	9	8	12	9
Tobacco Products	11	9	7	8
Alcoholic Drink	15	12	8	8
Toiletries, Pharmaceuticals and Clothing	10	8	8	6
Leisure Equipment	4	7	8	6
Holidays, Travel and Transport	10	9	5	5
Household Appliances	6	2	4	3
Food and Household Stores	4	4	3	2
All Other	8	9	8	8
TOTAL	100	100	100	100

Source: MEAL/Advertising Association

UK DISPLAY EXPENDITURE, PRESS AND TV, 1980* (£m)

Category	Colour Supps.	National Press	Magazines	TV	Total
Direct Response Mail Order	11	18	12	1	42
Other Retail	1	46	14	37	98
Total Retail and Mail Order	12	64	26	38	140
Motoring	5	34	10	35	84
Household equipment, etc.	4	14	18	17	54
Financial, etc.	4	59	16	29	108
Tobacco products	4	15	13	6	38
Alcoholic drink	4	4	10	54	72
Toiletries, pharmaceuticals and clothing	3	8	28	68	107
Leisure equipment	3	10	11	41	66
Holidays: travel and transport	3	24	8	18	52
Household appliances	1	7	8	24	39
Food and household stores	1	8	23	219	251
All other	4	24	9	49	86
TOTAL	48	271	180	598	1,096
	%	%	%	%	%

* Excluding regional newspapers, trade and technical, directories, local advertisers on TV, and production costs.

Oracle's £2.5m for Ogilvy

OGILVY & MATHER is to handle a £2.5m campaign for Oracle Teletext, starting next month. Oracle is Ogilvy's eighth account gain so far this year; 1981 billings should total £70m.

The Oracle campaign will include concentrated TV advertising nationally, while the PR support—Daniel J. Edelman has been appointed—will include promotions centred around the Government's Teletext Month in October.

"This appointments, and the commitment to undertake a wide-ranging national promotion and communications programme, underlines our confidence in the short- and long-term benefits of Oracle both as a viable advertising medium and a versatile consumer information and entertainment service," the company said.

Ogilvy is one of four agencies shortlisted for the £2m Walls Meat account, which is leaving Collett Dickenson Pearce. The others are Mallerman Summerfield and Partners, Davidson Pearce, and Saatchi & Saatchi Garland-Compton.

● MANTON WOODYER AND KETLEY has bought Murray Parry and Partners, whose clients include Rover Cars, part of Smiths Foods, and part of Courtaulds. Combined billings of the merged agency—the acquisition is being funded from MWK's own resources—are put at £15m.

SURVEY OF CONSUMER ATTITUDES

Why the Germans give top marks to Japan

THE EXTENT to which Japan has stolen a march in a whole string of consumer product markets, from cars to hi-fi to small domestic appliances, has seldom been underlined with quite such irony as by a recent study of consumer attitudes in Germany.

Among a host of other things, it found that three out of four Germans no longer believe that German products are always best; that consumers in Germany are apparently convinced that the chances of future success in international markets are greater for Japanese manufacturers than for German industry itself; and that Germans, though famed for their disciplined work methods, now admit that the Japanese are more industrious than they.

The study was carried out by Wolfgang Machnik and Andreas Buttler of the SSC&B: Lintas agency in Hamburg, covered 2,000 respondents, and was prompted, says Lintas, partly by a swell of speculation as to future German trade prospects and partly because, whereas the German trade balance with western Europe was still highly favourable, its trade balance with the U.S. and Japan was increasingly in deficit.

The questions that Lintas set out to answer were these:

● Did German consumers believe the quality of German-made products to be as good as in the past?

● Was the German market increasingly vulnerable to imports?

● Would an 'export offensive' by Germany's rivals affect international sales of German-made products?

The product fields investigated were cars, hi-fi, small electrical products, watches and furniture, and in its initial stages demonstrated a) that the German consumer knows full well that international competition benefits him personally, but that b) only one in four Germans were still unreservedly of the opinion that 'Made in Germany' denoted superior product quality or value for money.

In terms of international market trends, respondents were asked which countries they thought most likely to enjoy future sales successes. Given that multiple nominations were possible, the score sheet looked like this:

	%
Japan	73
Germany	64
U.S.	43
Switzerland	25
France	25
Sweden	18
UK	14
Italy	13
Denmark	12

According to the investigators: "The gap between Japan, the U.S. and Germany on the one hand, and the other European countries on the other, is considerable. This means that, except for German industry, the citizens of the federal republic have little faith in the ability of other European industries to stand up against the Japanese and Americans in future."

The assessment criteria for future successes in the German market were as follows: use of modern technology; ability to innovate; high product quality; and what the researchers dubbed "disciplined industriousness."

On the technological front (again, multiple nominations possible), Japan scored 71 per cent among respondents, against Germany's 69 per cent and a score of 65 per cent for the U.S.

Scores for innovative capacity showed the U.S. in the lead, with 65 per cent, Germany second, on 47 per cent, and Japan only third, on 41 per cent.

Scores for high standards of product quality: Germany 66 per cent, Japan 39 per cent, the U.S. 18 per cent. "The faith of the Germans in German workmanship," say the researchers, "and in the 'Made in Germany' label as a guarantee of quality, is still deeply rooted, in spite of the fact that they no longer acknowledge German leadership in all product ranges."

Scores for disciplined industriousness: Japan 45 per cent, Germany 34 per cent, the U.S. only 6 per cent. According to the investigators: "Germans are of the opinion that the Japanese rather than themselves possess the qualities required for economic success in future—a surprising result, since it shows that the Germans admit they have become somewhat complacent and feel they can rest on their laurels."

The study delves deep into the reasons for Japanese success in two specific markets, cars and hi-fi. It the case of hi-fi, for example, German and Japanese manufacturers share about 95 per cent of the German market between them, yet when asked to which manufacturing countries they would give preference when buying hi-fi, 66 per cent of respondents nominated Japan, against 57 per cent for Germany and only 10 per cent for the U.S.

Lintas says that the confidence bonus (level of consumer preference) enjoyed by Japanese hi-fi equipment among German consumers is approximately 20 per cent greater than the market share held by Japanese manufacturers — a sign of things to come.

The Japanese marketing strategy in this area, says Lintas, is extremely easy to elucidate.

First, it involved gaining market entry with competitively-priced portable radios of average quality. The second step: horizontal market expansion by offering medium-quality hi-fi sets at attractive prices, thus consolidating their image of offering value-for-money. Third: vertical expansion by selling top-class equipment, resulting in the annexation of a reputation for quality.

In the case of the German car market, the researchers found that whereas Japan's share of the market was currently 10 per cent, 36 per cent of all German car buyers were flirting with the idea of buying Japanese. This meant that Japanese manufacturers had already left the French, who have been in the German car market for 30 years, and other European suppliers, trailing in their wake.

The full report, in German, can be obtained from Wolfgang Broxtermann, Lintas, P.O. Box 10-40-40, 2000 Hamburg 1, Germany. It costs DM 850. A precis in English is available from Airdre Taylor at Lintas in London, telephone 01-583 8030.

LOMBARD

A new form of crowding-out

BY NICHOLAS COLCHESTER

THERE IS an aspect to the merger wave now rolling down Wall Street which touches upon monetary policy in both the U.S. and the UK and which says something about our Conservative Government's conviction that private sector investment is good, because it is decided in board rooms, while public sector investment is bad because it is decided by bureaucrats.

The onus for control of the money supply in the U.S. and the UK has been placed wholly on the price mechanism—the deterrent effect which interest rates have on bank borrowing. Interest rates in the U.S. are famously high. Bank borrowing now costs around 20 per cent per annum, a real rate of interest of some 8 per cent. Yet it is in this discouraging atmosphere that American companies have, in a matter of weeks, arranged finance totalling between $20bn and $30bn (the figure is bounding upwards daily) to pay for their take-over spree. This is rather larger than the Public Sector Borrowing Requirement of the British Government.

White knights

If this were bond finance, it would not be adding to the money supply: it would only raise eyebrows in so far as it drove up long term interest rates in the U.S. and made productive investment that much more expensive. But this is full-blooded bank finance, provided enthusiastically by Chase Manhattan and Citibank, who must be happy to turn to appetites for funds in their own backyard after coping with the insatiable dollar needs of distant lands.

It must be admitted that a large proportion of these bank borrowing facilities will evaporate as bids are rejected, corporate advances are spurned and "white knights," long on chivalry and short on corporate strategy, come riding to the rescue. It is only when lucky shareholders accept an offer, and cash their bank-financed cheques, that the U.S. money supply will expand.

Nevertheless it is perhaps not entirely a coincidence that the latest reports out of Washington suggest that the U.S. Federal Reserve has decided to preserve a tight monetary grip, despite the relatively muted growth of money supply in recent months, because it is worried about the brisk demand for bank finance by U.S. businesses.

It is also an appropriate time to remember a far off day in March 1980 when the Federal Reserve imposed restraints on the use of bank finance to fund take-over bids. This was part of a short-lived experiment in a mild form of credit rationing to help the Fed re-assert monetary control. It showed that the Fed was conscious of the way that take-over finance could make control of the money supply that much more difficult. Yesterday there were new calls in Washington for curbs on such bank loans.

Reconciled

This borrowing spree says two things about the attitudes of U.S. managements to the relationship between the return on investment and the cost of borrowing. The first is that U.S. managements, rather more than European managements, have swiftly adapted themselves to very high nominal rates of interest on their borrowing.

Partly this may mean that they are reconciled to high rates of inflation. Partly, it may reflect the fact that U.S. companies, in contrast to UK companies, have substantial tax charges against which they can offset the cost of their borrowing. The existence of corporation tax liability reduces the perceived real rate of interest, and therefore dilutes the impact of high interest rates on money supply growth.

The second point is closer to home. It is difficult to believe that some of these very sudden decisions to raise and spend large amounts of money on take-over bids, will earn a return, or provide economic benefits, which eclipse those provided by public sector investment.

These U.S. take-overs have interest rate implications for us all. They are an extreme example of the way in which corporate investment decisions can be just as guilty of "crowding out" other, more worthwhile investments, as the investments of state enterprises which today attract such a critical gaze.

The dangers of the 'Mareva' injunction

JUST over six years ago the big Japanese shipowners, Nippon Yusen, sued the brothers Karageorgis for unpaid charter hire. The charterers disappeared, leaving only their London bank accounts behind them. In a four paragraph judgment, Lord Denning ordered the accounts to be frozen.

Five weeks later, shipowners with a more eye-catching name—the Mareva Shipping Company—sought a similar order and a new and potent procedural weapon was invented.

The High Court issues a "Mareva injunction" to a claimant in litigation or arbitration who can show that the person being sued is likely to transfer his assets abroad and so put the claimant at risk of heavy legal costs without hope of recovery of the debt or liability owed. It is by its nature temporary and the court has willingly extended the practice.

Although it may be used to restrain the expatriation of any asset (for instance, a ship or aircraft), the injunction is most commonly used against bank accounts. A bank which ignores the injunction is in contempt of the High Court.

On October 24, 1979, exchange controls were lifted. Since then, it is open to anyone to transfer his money abroad at the stroke of a pen or the depression of a few telex keys. The Mareva industry has thrived.

While of unquestionable utility to claimants who suspect a defaulter, the Mareva injunction has become a matter of great seriousness in the business world. By its nature it has to be sought swiftly and often by stealth without giving the defendant time to wire his money to safety abroad.

A bank account can be frozen in a matter of minutes in the course of an ordinary working day. After that, if the account-holder wishes to draw on the account, he must first apply to the court to vary or discharge the Mareva injunction.

This is not altogether an easy matter. He has to prove two negatives—that the drawing is not a masked evasion of the injunction but a bona fide business debt and that he has no other assets on which to draw.

Because there must be a suspicion of an intention to default, a prosperous multi-national company is unlikely to be assailed by the injunction.

However, a company based in a country where the law on registration is loose and the owners are difficult to trace more or less invites the issue of a Mareva injunction over its English assets.* Yet such a company may be quite respectable and in any event it would be impracticable in some areas of business to avoid having any dealings with a company simply because its assets might suddenly be frozen.

As a power, the Mareva injunction is in danger of being misunderstood. In principle it is very clear that it can be used for one purpose only—restraining any evasive transfer of assets abroad to defeat a good claim likely to succeed in the English courts.

In practice it can all too readily be seen as security for a claim for debt or damages, giving the claimant protection from the ordinary litigious risk of a defendant who cannot meet a judgment.

BUSINESS AND THE COURTS

CELIA HAMPTON

Nineteenth century case law, which still holds good despite the development of the Mareva injunction, says that the court will not freeze assets in one person's favour simply on the issue of a writ. The defendant cannot be stopped from carrying on his ordinary business and paying his everyday living expenses because he may at some future time have to meet a judgment debt.

The Mareva injunction does not go against this, but relates only to the specific risk of losing assets through their deliberate transfer out of the jurisdiction. It should give the claimant no priority over other creditors, nor stop other debts being met; it does, however, place a considerable hurdle in the way of any continuation of ordinary business life once it has been issued.

The courts are becoming aware of the dangers of the widespread use of the injuction.

Third parties who have nothing to do with the action are getting better protection. An applicant for a Mareva injunction will be expected to reimburse any third party who incurs expense investigating the condition of the defendant's possible bank accounts.

In a recent case** the applicant had to undertake to reimburse the port authority where a "frozen" ship was moored of any loss caused by the ship staying there and any expense incurred in moving the ship out of the way.

However, third parties who are just about to be paid by the defendant when the injunction is granted may well face delay, uncertainty and an application to the court before their debts are met.

The injunction could have a fatal effect on the credibility of negotiable instruments such as irrevocable letters of credit, bank guarantees and performance bonds.

These instruments were recently described by the Court of Appeal as "the life-blood of commerce." Lord Justice Donaldson went on: "Thrombosis would occur if the courts disturbed the mercantile practice of treating rights thereunder as being the equivalent of cash."

On the injunctability of a bank guarantee, the court held fast to its earlier decision† that it will not interfere with the seller's right to call on the bank to pay under the guarantee unless there is fraud. The Mareva injunction will not go against the guarantee itself. That would be interfering with the contractual relationship between the bank and the seller with which the Mareva applicant had no business. It could, however, go against the cash proceeds of the guarantee when they were in the hands or the bank account of the Mareva defendant.

Although this may not block the commercial blood vessels, it offers a curious possibility in relation to performance bonds. It has become a recognised practice in export contracts for the supplier to give a performance bond payable on the demand of the other party rather than on default. Such bonds work more or less as a discount of the contract price and, though onerous on suppliers, must be treated as voluntary; through the bond, the supplier may well have secured the contract.

By blocking the cash proceeds of the bond though not the bond itself with a Mareva injunction, an unpaid supplier may effectively avoid the greatest risk of having given the bond.

The courts are also repeatedly showing anxiety not to interfere with hte service they provide to the commercial community, nor to hinder ordinary business transactions. The Mareva injunction poses a considerable threat.

The statutory basis of the injunction—the 1925 Judicature Act—enables it to be granted when it is "just or convenient" to do so. This gives the courts a wide scope for developing new law on a case by case basis without systematic review.

While the end product of this process may furnish the business world with a flexible and well-tried weapon in the protection of legitimate interests, there will be many casualties before this particular weapon is fully developed.

* *The Angelic Wings* [1979] 2 All E.R. 972.

** *Clipper Maritime Co Ltd Monrovia v Mineralimport-export Bucharest*, *The Times*, July 1, 1981.

† *Intraco Limited v Notis Shipping Corporation of Liberia*, *The Times*, July 7 1981, following *Howe Richardson Scale Co Ltd v Polimex-Cekop* [1978] 1 Lloyds Rep 161.

Gorgeous Girl looks good bet

RACING

BY DOMINIC WIGAN

DESPITE the tremendously strong claims of Blue Wind in Saturday's Irish Guinness Oaks at the Curragh, Ireland's leading bookmaker Sean Graham reports that chief interest surrounds market rival Arctique Royale and the outsider Stracomer Queen.

According to the company's Sean Carville, Arctique Royale was backed on Tuesday and again yesterday almost to the exclusion of the favourite, while there were a good number of enquiries for Stracomer Queen. Sean Graham offer 5-4 against Blue Wind repeating her Epsom Oaks triumph, and they then go 2-1 Arctique Royale, 10-1 Waffels, 12-1 Flighting and 16-1 bar.

The thirteen still remaining in the Classic include John Dunlop's Flighting, France's Texan Rose and two stablemates to the favourite in Overplay and Citissima. The last named pair and the favourite are owned by Mrs Bertram Firestone.

Flighting will probably travel to Ireland with last year's Epsom Derby winner, Henbit. He has been confirmed as a definite participant in the Royal Whip Stakes, in which he will again be ridden by Willie Carson.

This afternoon Carson will be on board well-fancied Hern and Cole runners at Bath, before going to Sunbury for Kempton's evening meeting. I anticipate the champion jockey—who has had nearly 100 more mounts than Piggott already this season—taking the day's riding honours. His best prospect at Bath is probably Gorgeous Girl, trained by Paul Cole. She is a Dragonara Palace filly, and was responsible for a successful gamble at Warwick 17 days ago when she defeated Star of Enzo and thirteen others under Carson in a five-furlong handicap after being supported from 8-1 to 100-30.

Gorgeous Girl, a reasonably confident selection, may be followed home by the well-exposed Maryland Cookie, who scored from the best draw at this meeting a year ago.

Whatever his fate with Maryland Cookie, trainer James Bethell is likely to land at least one winner. Commonty has a claim second to none in Kempton's closing event, The Shepperton Stakes.

BATH

3.30—Eight Roses
4.00—Gorgeous Girl***

KEMPTON

7.00—On A Cloud*
8.00—Reading
9.00—Commonty**

TV/Radio

† Indicates programme in black and white

BBC 1

6.40-7.55 am Open University (Ultra high frequency only). 10.55 Cricket: Third Test, first day. 1.12 pm Regional News (except London). 1.15 News. 1.30 Chock-a-Block. 2.00 Golf. 4.18 Regional News (except London). 4.20 Play School. 4.40 Scooby Doo. 5.05 Newsround. 5.10 We Are The Champions.

5.40 News.
5.55 Regional News.
6.20 Nationwide.
6.45 Holiday Report.
6.55 Bellamy's Backyard Safari.
7.25 Top of the Pops.
7.55 Citizen Smith.
8.30 Rings On Their Fingers.
9.00 News.
9.25 Good Old Days.
10.15 Andre Previn and Friends.
10.55 Moving Still.
11.48 Headlines.
11.50 Cricket.
12.10-12.15 am Holiday Weather.

All Regions as BBC 1 except as follows:—

BBC Cymru/Wales — 5.55-6.20 pm Wales Today. 6.55-7.00 Tom and Jerry. 7.00-7.25 Heddiw. 12.10 am Holiday Weather, News.

Scotland—9.50-9.55 am The Wombles. 9.55-10.10 Jackanory. 10.10-10.35 Champion the Wonder Horse. 10.35-11.00 Take Hart. 1.10-1.15 pm Scottish News. 5.55-6.20 Reporting Scotland. 7.55-8.30 Butterflies. 12.10 am Holiday Weather, News.

Northern Ireland—4.18-4.20 pm Northern Ireland News. 5.55-6.20 Scene Around Six. 12.10 am Holiday Weather, News.

England—5.55-6.20 pm Look East (Norwich); Look North (Leeds); Look North (Newcastle); Look North-West (Manchester); Midlands Today (Birmingham); Nationwide (London and South-East); Points West (Bristol); South Today (Southampton); Spotlight South-West (Plymouth).

BBC 2

6.40-7.55 am Open University.
11.00 Play School.
11.25 Golf.
1.35 pm Cricket and Golf.
6.55 Six Fifty-five Special.
7.30 News.
7.45 Best of Brass.
†8.20 Film: "Only Angels Have Wings," Cary Grant, Jean Arthur, Rita Hayworth.
10.15 Golf.
10.50 Newsnight: Warrington by-election.

LONDON

9.30 am World Famous Fairy Tales. 9.40 Cities: Jerusalem. 10.30 Outsiders. 11.20 A Big Country. 11.50 Barney Google and Snuffy Smith. 11.30 Ark Stories. 12.10 pm Stepping Stones. 12.30 The Sullivans. 1.00 News at One, plus FT Index. 1.20 Thames News. 1.30 Emmerdale Farm. 2.00 Here Today. 2.25 Best Sellers: David Janssen in The Word. Watch It! 4.15 Daffy Duck. 4.20 Survival. 4.50 Salvage—1.

5.45 News.
6.00 Thames News.
6.25 Help!
6.35 "Ivanhoe."
8.30 TV Eye.
9.00 Funny Man: Jimmy Jewel.
10.00 News at Ten, Thames Headlines.
10.30 Looks Familiar.
11.00 The Questors.
11.30 Warrington by-election.
11.59 What the Papers Say.
12.15 am Sit Up and Listen.

All IBA Regions as London except at the following times:—

ANGLIA

9.30 am Sesame Street. 10.30 Welcome to the Ceilidh. 10.55 Joe 90. 11.20 Pro-Celebrity Snooker. 1.20 pm Anglia News. 4.20 Vicky the Viking. 4.45 Little House on the Prairie. 6.00 About Anglia. 6.20 Arena. 6.35 Crossroads. 7.00 Film: "Emily, Emily." 8.25 Bygones Encore. 10.30 Jim Davidson Show. 11.59 Paris By Night. 12.30 am Thomes.

ATV

9.30 am Larry the Lamb. 9.45 Lost Islands. 10.10 Cities: London. 11.00 Sesame Street. 1.20 pm ATV News. 2.25 Best Sellers: Beggerman, Thief. 4.20 Vicky the Viking. 4.45 Little House on the Prairie. 6.00 ATV News. 6.05 Crossroads. 6.30 ATV Today. 7.05 Film: "The Blue Knight." 10.30 Fast and Furious: Cricket. 11.59 ATV News.

BORDER

9.30 am Tarzan. 10.20 World We Live In. 10.45 Stingray. 11.10 Little House on the Prairie. 1.20 pm Border News. 4.20 Vicky the Viking. 4.50 Project UFO. 6.00 Lookaround. 6.35 Crossroads. 7.00 Cartoon. 7.05 Film: "Cry Panic." 10.30 Take the Mick. 11.00 Warrington by-election. 12.30 am Border News.

CHANNEL

1.20 pm Channel Lunchtime News. What's On Where. 4.20 Sinbad. 5.15 Father Dear Father. 6.00 Channel Report. 6.35 Crossroads. 7.00 Curtain Raiser. 7.05 240 Robert. 10.28 Channel Late News. 10.34 The Entertainers. 11.00 The Dance Goes On. 11.50 News and Weather in French.

GRAMPIAN

9.45 am First Thing. 9.50 Pavilion Folk. 10.15 Target the Impossible. 10.40 A Big Country. 11.05 Amazing Years of Cinema. 11.35 Stingray. 1.20 pm North News. 2.25 Best Sellers: Beggerman, Thief. 4.20 Little House on the Prairie. 5.10 Police News. 5.15 Survival. 6.00 Summer at Six and Weather. 6.35 Crossroads. 7.00 Top Club. 7.30 Hagen. 10.30 Soap. 12.30 am Reflections. 12.35 North Headlines.

GRANADA

9.30 am Bubblies. 9.35 World We Live In. 10.00 Between the Tides. 10.15 Laurel and Hardy. 10.35 Our Little Town. 11.00 Sesame Street. 1.20 pm Granada Reports. 4.20 Little House on the Prairie. 6.00 Granada Reports. 6.25 This Is Your Right. 6.30 Crossroads. 7.00 Walt Disney Classics. 7.05 Film, "High Risk." 10.30 Kate Robbins.

HTV

9.50 am Thunderbirds. †10.40 Film: "Murder She Said." 1.20 pm HTV News. 4.20 Spiderman. 4.45 Flying Kiwi. 5.10 Jobline Newsdesk. 5.20 Crossroads. 6.00 Report West. 6.45 Film "Panic In The City." 10.28 HTV News. 10.30 George and Mildred. 11.00 Police Surgeon. 12.30 am Weather.

HTV Cymru/Wales—As HTV West except: 12.00-12.10 pm Cei Cocos. 4.45-5.15 Ser. 5.15-5.20 Cartoon. 6.00-6.20 Y Dyd. 6.20-6.45 Report Wales. 10.30-11.00 Qu- Ways of Wales.

SCOTTISH

9.55 am Simon in the Land of Chalk Drawings. 10.00 Hands. 10.25 How the West Was Won. 1.20 pm News. 4.20 Little House on the Prairie. 5.15 Tiddlers Tales. 5.20 Crossroads. 6.00 Scotland Today. 6.30 End of Part One. 7.00 Now You See It. 7.30 Danger UXB. 10.30 Soap. 12.30 am Late Call.

SOUTHERN

9.35 am Wild Wild World of Animals. 10.00 Patterns. 10.25 George Hamilton IV. 10.50 Survival. 11.15 Bailey's Bird. 11.45 Larry the Lamb. 1.20 pm Southern News. 4.20 The Beachcombers. 4.45 Flying Kiwi. 5.15 Undersea Adventures of Captain Nemo. 5.20 Crossroads. 6.00 Day By Day. 6.30 University Challenge. 7.00 Girl in the Empty Grave. 10.30 Cross-Channel. 12.30 am Weather, Grow or Die.

TYNE TEES

9.20 am The Good Word. 9.25 North-East News. 9.30 Patterns. †10.00 Film: "A Tale Of Two Cities," Dirk Bogarde, Dorothy Tutin. 11.50 Undersea Adventures of Captain Nemo. 1.20 pm North-East News, Lookaround. 2.25 Cash and Co. 3.20 The Human Face of China. 3.45 Life Begins at Forty. 4.20 Tarzan. 5.15 The Great Yorkshire Show. 6.00 North-East News. 6.02 Crossroads. 6.25 Northern Life. 7.00 Incredible Hulk. 8.00 Benson. 10.30 North-East News. 10.32 Soap. 11.59 Four Angels To My Bed.

ULSTER

1.20 pm Lunchtime. 2.25 Best Sellers: The Word. 4.13 Ulster News. 4.20 Little House on the Prairie. 5.15 Cartoon. 5.20 Crossroads. 6.00 Good Evening Ulster. 6.20 Police Six. 6.30 Happy Days. 7.00 Walt Disney Classics. 7.05 Film: "Ebony, Ivory And Jade." 10.29 Weather. 10.30 Soap. 11.59 Bedtime.

WESTWARD

9.30 am Pro-Celebrity Ten-pin Bowling. 10.10 Thunderbirds. 11.00 Young Ramsay. 11.55 Watoo Watoo. 12.27 pm Gus Honeybun's Birthdays. 1.20 Westward News. 4.20 Sinbad. 5.15 Father Dear Father. 6.00 Westward Diary. 6.35 Crossroads. 7.00 Curtain Raiser. 7.05 240 Robert. 10.32 Westward News. 10.34 Joe Son with Shotgun. 12.30 am Faith For Life. 12.35 Weather and Shipping Forecast.

YORKSHIRE

9.30 am Sally and Jake. 9.40 Story of Writing. 10.05 Bailey's Bird. †10.30 Film Hopalong Cassidy. 11.40 Cartoon. 11.55 Watoo Watoo. 1.20 pm Calendar News. 4.20 Sierra. 5.15 The Great Yorkshire Show. 6.00 Calendar. 6.35 Crossroads. 7.00 Walt Disney Classic. 7.05 Film, "Ebony, Ivory And Jade." 10.30 Calendar Carousel.

(S) Stereophonic broadcast
‡ Medium Wave

RADIO 1

5.00 am As Radio 2. 7.00 Mike Read. 9.00 Simon Bates. 11.00 Andy Peebles. 12.30 pm Newsbeat. 12.45 Paul Burnett. 2.30 Steve Wright. 4.30 Peter Powell. 5.30 Newsbeat. 6.00 Top 30 Album Chart. 7.00 Paul Gambaccini. 8.00 Richard Skinner. 10.00 John Peel (S).

RADIO 2

5.00 am Steve Jones (S). 6.15 Pause for Thought. 7.30 Terry Wogan's Great British Open Sandwich (S). 10.00 Gloria Hunniford. 12.05 pm John Dunn (S). 1.45 Sports Desk. 2.00 Jean Challis—Family Favourites (S). 2.45, 3.45 Sports Desk. 4.00 David Hamilton (S). 4.45 Sports Desk. 5.45 News. Sport. 6.00 David Symonds: Much More Music (S). 6.45 Sports Desk. 7.30 Cricket Desk. 8.03 Country Club with Wally Whyton (S). 9.03 Alan Dell: Big Band Sound (S). 9.55 Sports Desk. 10.00 The Impressionists. 10.30 Star Sound Extra. 11.00 Brian Matthew Round Midnight. 11.59 Newsroom. 1.00 am Truckers' Hour: Sheila Tracy (S). 2.00-5.00 You and the Night and the Music: Paddy O'Byrne (S).

British Open Golf Championship results: 11.02 am, 12.02 pm, 1.01, 8.02 and 9.02.

RADIO 3

6.55 am Weather. 7.00 News. 7.05 Morning Concert (S). 8.00 News. 8.05 Morning Concert. 9.00 News. 9.05 This Week's Composer: Beethoven (S). 10.00 Margaret Field song recital (S). 10.45 Cricket: Third Test. 1.05 pm News. 1.10 Cricket. 1.30 Lunchtime Scoreboard. 6.10 Mainly For Pleasure (S). 7.00 The Vision of Piers Plowman (S). 7.30 Picasso—Creator or destroyer? 8.30 Words. 8.35 Play. 9.25 Szell conducting Bruckner and Mozart choral concert (S). 11.00 News. 11.05-11.15 From the first Prom (S).

VHF—5.55-6.55 am Open University.

RADIO 4

6.00 am News. 6.10 Farming Today. 6.25 Shipping Forecast. 6.30 Today. 6.45 Prayer for the Day. 7.00, 8.00 Today's News. 7.30, 8.30 Headlines. 7.45 Thought for the Day. 8.35 Yesterday in Parliament. 9.00 News. 9.05 Fat Man Out (S). 9.30 The Living World. 10.00 News. 10.02 Paperbacks. 10.30 Daily Service. 10.45 Morning Story. 11.00 News. 11.05 File on 4. 11.50 Enquire Within (S). 11.59 News. 12.02 pm You and Yours. 12.27 Brain of Britain 1981 (S). 12.55 Weather. 1.00 World at One. 1.40 Archers. 1.55 Shipping Forecast. 2.00 News. 2.02 Woman's Hour. 3.00 News. 3.02 Afternoon Theatre. 4.00 What the Foreigner Saw. 4.15 A Way of Living. 4.45 Story Time. 5.00 PM: News magazine. 5.50 Shipping Forecast. 5.55 Weather. 6.00 News, including Financial Report. 6.30 Any Answers? 6.55 It's a Bargain. 7.00 News. 7.05 Archers. 7.20 Time For Verse (S). 7.30 Boston Symphony Concert (S). 8.15 Gemmell's Gardens. 8.35 Concert (S). 9.10 Profile. 9.30 Kaleidoscope. 9.59 Weather. 10.00 World Tonight, News. 11.00 A Book at Bedtime. 11.15 The Financial World Tonight. 11.30 Today in Parliament. 11.59 News. 12.15-12.23 am Shipping Forecast.

BBC Radio London

5.00 am As Radio 2. 6.30 Rush Hour. 9.03 Morning Star. 10.03 Robbie Vincent Telephone Programme. 11.30 Natural History. 12.30 pm London News. 12.40 Total Music Show. 2.30 Tony Blackburn. 5.00 News. 5.15 Music on the Move. 6.33 Openings. 7.03 Black Londoners. 8.00 As Radio 1. 10.00 Question Time. 11.00-5.00 am Join Radio 2.

London Broadcasting

6.00 am AM: Bob Holness and Douglas Cameron. 10.00 Brian Hayes: on incest. 11.59, 2.00 pm, 4.00 LBC Reports. 7.00 London Life. 9.00 Nightline. 11.59 LBC Reports. 1.00 am Night Extra. 4.00 London Interview. 5.00 Morning Music.

Capital Radio

4.00 am Early Show. 7.00 Breakfast Show. 10.00 Michael Aspel. 12.30 pm Mike Allen. 1.00 First Report. 1.10 Mike Allen. 3.00 Roger Scott. 6.30 London Tonight. 8.30 Nic[illegible] 10.30 Late Show. 11.59 [illegible] Special.

F.T. CROSSWORD PUZZLE No. 4,621

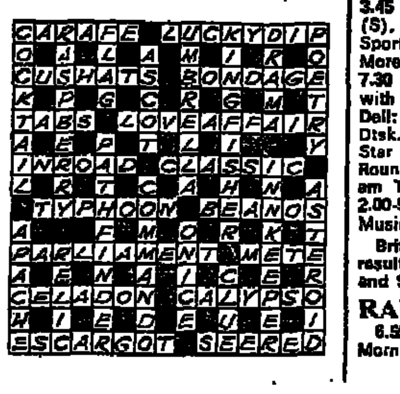
ACROSS

1 Aloof in manner with some swimmers (6)
4 Send soft individual to table (8)
9 Intimidation from the rat (6)
10 Nobleman in a swindle should give warning to followers (4-4)
12 Cannot but accept a short letter, the product of a coarse weaver (8)
13 Take a diamond initially at this point and stick (6)
15 Intend to be small and contemptible (4)
16 Measure the depths of rollers—that's what we hear (5-5)
19 Remember appeal to be careful (4, 2, 4)
20 Tie up, but it's a bore (4)
23 Deride doctor? Put him in a brook! (6)
25 Moulding a rough hard stone in a starry setting (8)
27 Pole at home pines badly for a game (8)
28 Belloc's Llama has an undulating one (6)
29 Disinclined to speak when Tom turns and I turn (8)
30 Petition for each to receive fish (6)

DOWN

1 Work it up with mother, that's best (7)
2 Bar everybody following a football team (9)
3 Remain at home with a mark around your head (4, 2)
5 Getting on without me could be a sign of the times (4)
6 Reject a type of collar (4-4)
7 Eisteddfodic graduate to receive with applause (5)
8 It shouldn't stop former journalists making haste (7)
11 Fed up, so turns up embracing Marines, and disfigures (7)
14 A single point of unity (7)
17 Vary lingo perhaps in idle boastfulness (9)
18 Store to top up with soup if it comes from this (5-3)
19 Taxi I catch for select members of government (7)
21 Instrument that expands would be slow if put on your head (7)
22 A more cunning marksman? (6)
24 Crazy chap I, and a large number, follow (5)
26 Growl produced from strong narcotic (4)

Solution to Puzzle No. 4,620



ENTERTAINMENT GUIDE

OPERA & BALLET

COVENT GARDEN. 240 1066. S. (Gardencharge CC 836 6903). 65 Amphi seats avail for all perfs from 10 am on the day of perf. THE ROYAL OPERA. *Ton't & Mon at 7.00 Le nozze di Figaro. *Tomor & Tues at 7.00 Così fan tutte. *Sat at 7.30. Wed at 7.00 Don Giovanni. [illegible]

THEATRES

MAY FAIR THEATRE. Stratton St. W1. CC 629 3036/7. Grp Sales 379 6061. CAPITAL RADIO SUMMER CELEBRITY SERIES. Until Aug 1. Evgs Tues to Sunday inc. 8.30. Mat Thurs & Sat 5.30. Today (mat & eve) POLLY JAMES, ROGER WALKER, MICHAEL WILLIAMS. [illegible]

ST. MARTIN'S. CC 836 1443. Evgs. 8.00. Tuesday 2.45. Saturday 5.00 and 8.00. Agatha Christie's THE MOUSETRAP. World's longest-ever run. 29th Year. SORRY. We never do reduced prices. Theatre fully air-conditioned.

[illegible]

THEATRES

[illegible]

CINEMAS

[illegible]

CLUBS

[illegible]

FINANCIAL TIMES

PUBLISHED IN LONDON & FRANKFURT

[illegible]

INTERNATIONAL & BRITISH EDITORIAL & ADVERTISEMENT OFFICES

[illegible]

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THE ARTS

Sadler's Wells

The Lighthouse

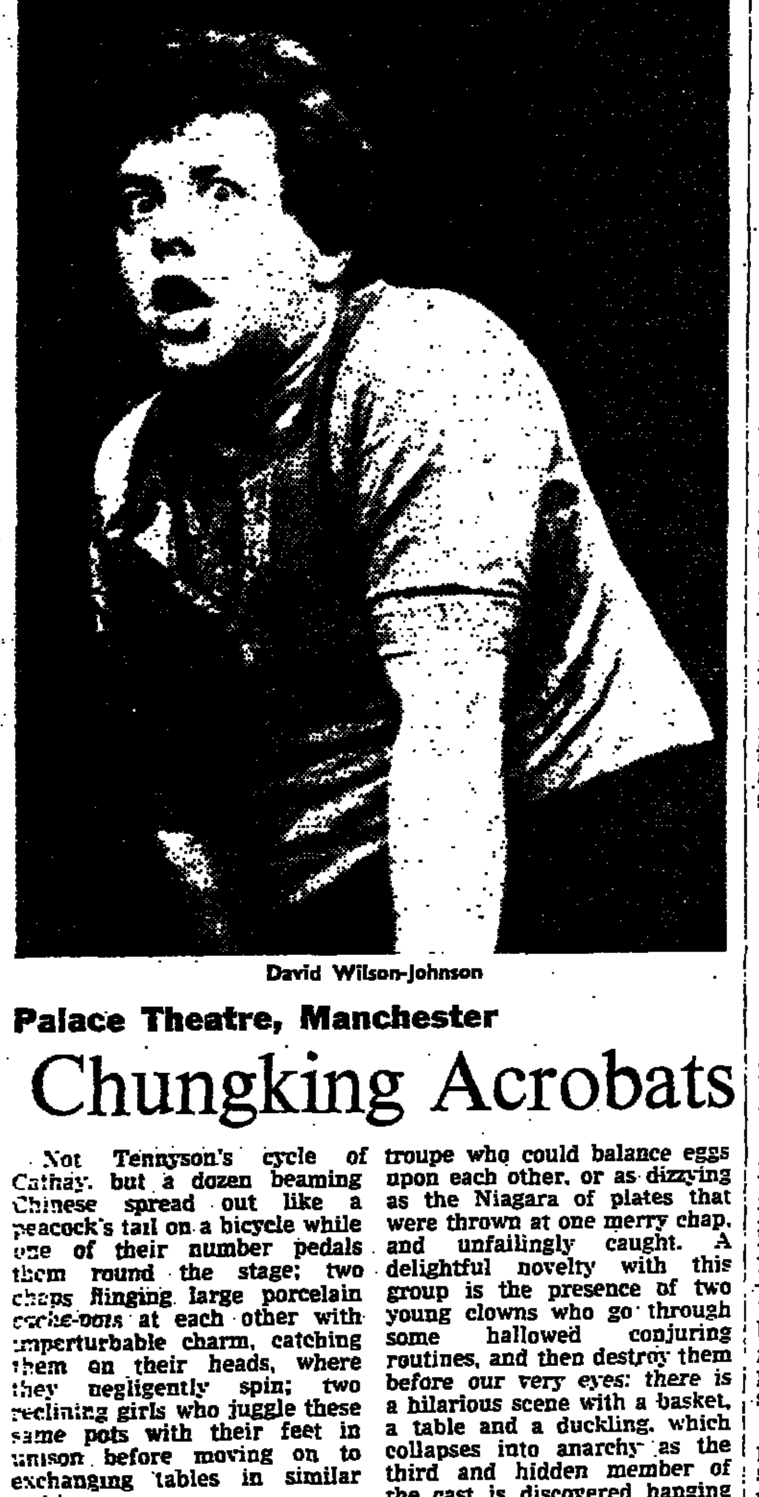
by RONALD CRICHTON

The Fires of London have brought *The Lighthouse*, the chamber opera by Peter Maxwell Davies first seen at the Edinburgh Festival last year, to London for three performances at Sadler's Wells. The first, on Tuesday, drew a good, appreciative house. The remaining ones are tomorrow (Friday) and Saturday. Cast and production, with the three singers Neil Mackie, Michael Rippon and David Wilson-Johnson, are the same as before. John Carewe conducts.

Since his big opera *Taverner* nine years ago, Maxwell Davies has used his varied experiments with music theatre pieces to develop a sense of theatrical pace, of what one might call instrumental drama (not crude or blatant, but telling in unobvious ways), of vocal lines equally successful in declamatory and lyrical writing, to a pitch of professionalism not often applied to such unconventional material. Whether you see it as a serious study of ordinary men breaking under unusual strain or as a musical horror-piece, or as both at the same time, *The Lighthouse* grips.

In this mostly very convincing performance, however, there are one or two unconvincing moments. Mr Carewe was evidently anxious that we should miss nothing in the appropriately tangled skein of instrumentation (including a strand or two of barbed wire), pressed his players hard at times. The excellent singers should remember that from the audience's point of view the Wells is a big theatre even if the stage is small. In his invisible contribution as "Voice of the cards" to the game of crib played by Sandy and Blazes, Mr Wilson-Johnson's words were lost. So were Mr Rippon's in the gory ballad sung by Blazes. Ideally there should be sharper contrast between the baritone and bass voices. Mr Mackie's tenor floated out beautifully.

As actors the three are better as the ship's officers than doubling as the near-hysterical lighthouse keepers. In one important scene, where the keepers think they see inconvenient spectres from their pasts and take the lights of the long-delayed relief ship for the "eyes of the Beast", the producer David William has allowed a touch of amateurish melodrama which is exactly what isn't wanted. The music, marking time for the shattering climax that follows when the men go out into the darkness, only emphasises this patch of staginess. But that must not deter an even larger public than Maxwell Davies has already captured going to see a work with so much that "modern" operas are commonly thought to lack.



David Wilson-Johnson

Palace Theatre, Manchester

Chungking Acrobats

Not Tennyson's cycle of Cathay, but a dozen beaming Chinese spread out like a peacock's tail on a bicycle while one of their number pedals them round the stage; two chaps flinging large porcelain *cache-pots* at each other with imperturbable charm, catching them on their heads, where they negligently spin; two reclining girls who juggle these same pots with their feet in unison before moving on to exchanging tables in similar fashion.

Thus, and more besides, the acrobatic troupe from Chungking, in Manchester this week *before coming to London*. Prodigies of acrobatic skill, of muscular control, of nonchalant ease, as these sunny performers fling themselves up and down ropes, poles, or sail through their routines with another member of the troupe perched on their heads. Such marvels of poise and balance are almost a common-place of Chinese acrobatics, though I would note that none of the members in the present troupe can match the impossibilities we have seen with the two previous ensembles, from Shanghai and Liaoning.

The Chungking artists are, by and large, more modest in accomplishment: there is no single act as defying of belief as the genius with the Shanghai troupe who could balance eggs upon each other, or as dizzying as the Niagara of plates that were thrown at one merry chap, and unfailingly caught. A delightful novelty with this group is the presence of two young clowns who go through some hallowed conjuring routines, and then destroy them before our very eyes: *there* is a hilarious scene with a basket, a table and a duckling, which collapses into anarchy as the third and hidden member of the cast is discovered hanging on to the bird like grim death when the gaff is blown.

I found seven young ladies *balanced upon a pyramid* of chairs less than compelling, but I would urge to your attention a girl contortionist who can sit on her own head.

Other pleasures include two men with impeccable balance who can negotiate any hazard—and joke with each other—while standing atop a large red ball, and the statutory lion dance is given with great zest, and includes the appearance of lion cubs as well. The finale of the show is magical: on a darkened stage, two vast and glowing dragons swoop and curve, and there is a culminating burst of fireworks as bright an exciting as the tricks that have gone before.

CLEMENT CRISP

Sylvia 'Kuumba' William, Thais Clark, Topsy Chapman and Verbel Bagneris

Cambridge

One Mo' Time!

by MICHAEL COVENEY

This wonderful show starts out as if it might be a reverential obituary for the New Orleans jazz club, the Lyric, destroyed by fire in 1927. It ends up an irresistible collection of the music it celebrated.

The stage is split between representation of the old Lyric and one of its dressing rooms. Here, the company manager attempts to pour oil on the troubled waters of Bertha Williams's touring company, *part of the TOBA circuit* (Theatre Owners Booking Agency or, as the trade had it, Tough On Black Asses). The Lyric manager is a ludicrously caricatured figure and the only white face on show — apart from those of Lars Edegran and Orange Kellin in the band.

Unlike some ethnic concoctions one can recall in recent years, this is the genuine article, a series of blues and stomp that accurately transmits the excitement of the era of Ma Rainey and Bessie Smith. Perhaps the best witness in this respect is Thais Clark's brilliant version of "King" Oliver's "Muddy Water" *towards the end, where* verse and chorus are memorably melded in the song's *cri de coeur*.

One of the excitements is to see how the company vie within the modest format for top billing. Bertha herself is played by the massive Sylvia "Kuumba" Williams, who twice hits the sexually vociferous tone of the era in "Kitchen Man" and "You've Got the Right Key but the Wrong Keyhole." In the first, the consumption of sausage-meat has ribald overtones while, in the second, the self-explanatory title is relentlessly exploited in the tale of a bum-drum switch of partners.

The band intrudes only when asked, and worth noticing here is the screaming trumpet of Bill Dillard (who also has a nice line in Louis Armstrong vocals) and the reverberative oompah of Walter Payton on tuba. There is not one dud in the 25 numbers, and Miss Williams's top-dog status is convincingly threatened at regular intervals by Thais Clark — stopping the show with her frantic rendition of "After You've Gone" — Topsy Chapman, who dares to sing songs in Bertha's repertoire, and Vernel Bagneris, a decidedly slinky cat *with managerial responsibilities* but an ungovernable urge to steal the spotlight. It is all simple, hard-hitting and very enjoyable.

Hampstead

How I Got that Story

by B. A. YOUNG

Amlin Gray, who wrote this play, volunteered to fight in Vietnam because he believed that the draft, from which he had been excluded, was unfairly favourable to the middle class. *So it doesn't come altogether as* a surprise to find that when he recalls his experiences there they are not unfavourably fair to the U.S. forces.

He tells the tale of a reporter for the Transpan Global who volunteers to cover the fighting in "Amboland" as a change from life in East Dubuque. He is a kind of Candide, and his adventures are recounted in a simple, almost diagrammatic way. He is told that at a certain street-junction a man will ask him for a light. He gives him a match and the man burns himself to death. He interviews a sergeant at the front, who tells *him he is scared. He interviews* a lieutenant, who reveals an astonishing talent for swearing. Caught in a fire-fight, he is wounded in the thigh. All these things he has filed in his report but Transpan Global needs a better story.

The Reporter has had enough, though, and heads for home. At the airfield he is persuaded to go on a bombing run, is shot down and begins a new volume of adventures. A government soldier extols the qualities of U.S. defoliant, which you can eat, drink or wash in. He is captured by guerrillas and ransomed for $100,000. Fine! . . *at home he becomes a four-part* feature.

But home no longer appeals. His home is Amboland. He tries to marry a local whore, to adopt a local child. He finishes homeless.

There is Candidesque humour in the little, crystallised, events; there is genuine pathos in the sequel; but there's hardly enough of either to justify recalling the familiar events, emotions and jokes, especially for audiences that won't have shared them. The acting of Robert Lindsay as the Reporter is admirable, and that of Ron Cook, as everything else including the sound effects, is truly remarkable. Nancy Duguid directs, and Paul Dart designed the wooden platform that serves as scenery.

Festival in Corfu

by B. A. YOUNG

The Greeks call Corfu "the green island" for its tree-clad mountains. (They call it Kerkyra, something to remember at Greek airports.) Its arts festival is the newest addition to the European parade. Encouragement from the Greek Prime Minister, enthusiasm from the local music societies, the completion — well, near completion —of a new theatre in the city to replace the house blown up by the Italians as a farewell gift after their wartime occupation, these were the various stimuli that set it going.

Its organisation was completed with amazing speed; serious work began in the spring; money was raised from the Government, the local tourist industry and friends in America, and a fully-fledged festival ran from June 18-July 8. It was a one-performance-a-night programme, with few visiting companies playing more than one night. Performances were almost all sold out, mainly to local supporters, who had a teriffic bargain with subscription tickets at 2,000 drachmas (£18 more or less) for nine shows. *Non-Corfiots paid 3,500* drachmas if they were lucky enough to get a ticket.

The Festival's artistic director is Dinos Yannopoulos, Greek-born, German and Austrian-educated, American-adopted, currently head of the Academy of Vocal Arts in Philadelphia.

I only saw the last few days of the festival. I missed the Greek and the Czech orchestras; the AVA Theatre Company's *La Sonnambula* and *The Rape of Lucretia* (the British ingredient), the Italian Compagnia di Canto Popolare, the Györ Ballet from Hungary (who sold out for four nights to immense acclaim). *What I saw, on the* last two nights of the Festival, was *Iphigenia at Lixourion*, a baroque farce by Petros Katsaidis dating from 1720, played by the enchanting Amphi-Theatre company under Spyros Evangelatos.

Luxourion is a tiny town in Cephalonia. Katsaitis was born there in about 1660, but *like all* proper young men of the time left to take part in the wars against the Turks. He was captured and sold as a slave, ransomed, and retired to his native island, where he engaged himself until his death in about 1740 with amateur theatricals. *Iphigenia at Luxourion* brings the story of that unhappy Greek lady up to date in the style of the *commedia dell' arte*. The familiar figures of Agamemnon, Menelaus, Clytemnestra, Achilles, Odysseus, and of course Iphigenia herself, are joined by such equally well-known but irrelevant characters as Sganarelle and Scapino. The classic plot is varied by the arrival of Clytemnestra expecting a wedding ceremony for her daughter when all Agamem*non has arranged is her daugh*ter's sacrifice to stir up a decent wind from Aulis to Troy.

Moreover, the play, like *The Knight of the Burning Pestle*, is presented as if played by the local amateurs, who tend to bring their own lives on to the stage with them. Clyteemnestra (a most dignified Rika Sifaki), for example, is a retired operatic soprano, and will offer a bar or two of an Italian aria now and then.

Iphigenia, given a fine *bravura performance* by Leda Tassopoulou, is a harmless idiot girl in private life, and remains cheerfully idiotic throughout. A *colleague compared* her mischievously to Margot Fonteyn in Act One of *Giselle*. The first shot at her sacrifice is interrupted by an earthquake; undeterred by the gods' indignation, the priests begin a second attempt when they're hurriedly told that Artemis never really wanted Iphigenia to be sacrificed at *all*, an ordinary doe would be all right. So the scene ends with a happy wedding as dotty Iphigenia is wed to Achilles, and what happens to the Trojan War is anyone's guess. The play goes on a little longer, but by then it's become sheer cabaret.

Evangelatos presents it on a cart in *commedia dell' arte* style, with colourfully miscellaneous costumes by Giorgos Patsas. Katsaitis puts an imaginary author-cum-director on stage with the rest of the company, an amiable poet played by Stephanos Kyriakidis. It's all tremendous fun. I know no more Greek than *kalimera* and *kalispera*, but the seven stressed rhyming couplets (as in "John Gilpin was a citizen") sounds very jolly, and the story is made clear from the vivid acting of the company.

Kostas Tsianos plays Agamemnon with great embarrassment as he finds himself simul*taneously engaged* in a wedding and a sacrifice, with the same victim for the two parties. As Achilles, Michalis Mitroussis is uncommonly gentlemanly for a hero; but then he is also the barber. The high-priest (Giorgos Tsidinis) has about him a whiff of the Roman Catholic Church, for there was rivalry at this time between that Church and the Greek Orthodox for the souls of the Greeks.

The production is coming to the Edinburgh Festival, to play at the Lyceum; and after that it is to move on to the Round House. It shouldn't be missed.

Book Review

Music on and in the air

by RONALD CRICHTON

The BBC Symphony Orchestra 1930-1980 by *Nicholas Kenyon*. 517 pages, BBC, £22.50
The Proms: and the men who made them by Barrie Hall. 216 pages. George Allen and Unwin, £8.95

Nicholas Kenyon's chronicle of the first 50 years of the BBC Symphony Orchestra covers the *period* during which British music and music-making became a positive international force. For this fact the BBC, in spite of sins of omission and commission, can take a great deal of credit. The archives were opened for Kenyon, who has done a brilliant job of sorting and presentation. His book, though there are inevitable chunks of cataloguing concert programmes, is more valuable and infinitely more readable than a bare description suggests, and not only for those who have lived through those agitated periods of political and cultural history. Those who came later will learn much, even if they are forced to the conclusion that cultural life is a rondo with only brief development episodes.

The subtitle of Barrie Hall's book on the Proms, "and the men who made them," applies equally well to Kenyon's survey. It is consoling to be reminded that individuals of knowledge, courage, determination and ingenuity can make a considerable if impermanent effect when they are stuck in a bureaucratic pudding—the kind of place where this sort of observation may float to the surface: "On balance it was felt that to broadcast a few of their ["Henze, Boulez and others"] better works would not blunt our reputation for acute critical assessment." On the contrary: the BBC Orchestra's reputation, nationally or internationally, has never been higher than in those periods (under Boult at the beginning, with planners like Edward Clark, and under Boulez more recently, during the renowned Glock régime) when it took a full and leading part in exploring the music of the day. It was during intervening periods of provincial somnolence that reputations were blunted.

Someone should follow Kenyon's book with a study of radio orchestras in general, of their contribution to standards and to taste (not only in contemporary music), of the ding-dong between the claims of studio work and public performance, of relations with less well-endowed orchestras outside the magic circle. As far as Britain is concerned the lesson is that Philistinism never dies however dormant it may seem to become for short and glorious spells. It pops up here, it pops up there, tinged with various brands of moral disapproval aimed at art and pleasure, not confined to extremes of the political spectrum, or to particular class or income groups.

Hall's *The Proms* (like Kenyon, and for a much longer period, he worked for the BBC) is naturally concerned with a large slice of musical history before the BBC existed. His book is "intended for reading, rather than for looking things up in" but he, too, is unable to avoid some cataloguing. As a peaceful interlude, Hall reprints excerpts from the concert-going diaries of the young Felix Aprahamian, not confined to the Proms. I was glad to find I was not the only person eagerly responsive in those days to the music of Bax.

But the documentation of the early years, of the careful way Wood and Newman compiled those apparently haphazard ragbag programmes, and of the speed with which they went on to better things, is full of interest. Yet unlike most books of this kind, Hall's gains in interest towards the end, with a cogent account of the events which postponed the 1980 Proms.

Both books are illustrated. Hall's wins on quality if not on quantity—the tug between quality and quantity occurs frequently in these histories. Both books prove that England still produces "characters"—how utterly dissimilar were Wood, Boult and Sargent, to say nothing of Beecham who was not often directly concerned, but nevertheless contrived to make some typical intrusion. Sargent, not the most musically gifted of the group, is revealed as a character of Dickensian oddity.

PUBLIC NOTICES

BOROUGH OF BLACKBURN
£800,000 Bills from 15.7.81 to 14.10.81 at 12%. Total applications £5.6m. No other Bills outstanding.

GLOUCESTERSHIRE COUNTY COUNCIL
£2,500,000 issued 15.7.81 at 12 55/64 to mature 14.10.81. Total applications were £12,500,000 and there are £11,500,000 Bills outstanding.

GREAT GRIMSBY BOROUGH COUNCIL
£350,000 issued 15.7.81 at 12 55/64 to mature 14.10.81. Total applications were £2,100,000 and these are the only Bills outstanding.

LANCASHIRE COUNTY COUNCIL BILLS
£5,000,000 Bills issued 15 July 1981 at 12 55/64 to mature 14 October 1981. Total applications were £29m. These are the only Bills outstanding.

CITY OF LIVERPOOL BILLS
£17,700,000 Bills due 14 October 1981 dated 15 July 1981 were tendered for at an average rate of discount of £12.7349 per annum. These Bills were issued to replace £17,700,000 Bills repaid on 15 July 1981 and are the only City of Liverpool Bills outstanding.

JOHN HILL, Treasurer of the City.

LUTON BOROUGH COUNCIL BILLS
£950,000 due 14th October 1981 issued 15th July 1981 at 12.75%. Bids at that price allotted in full. Applications totalled £6.65m. These are the only Bills outstanding.

ROTHERHAM METROPOLITAN BOROUGH COUNCIL
£3,000,000 issued 15.7.81 at 12 55/64 to mature 14.10.81. Total applications were £20,000,000 and there are £5,000,000 Bills outstanding.

ST. HELENS BOROUGH COUNCIL BILLS
Issued 14th July £2.5m at 12 [illegible]% due 13th October 1981. Applications £15m. Total outstanding £6.25m.

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Thursday July 16 1981

The view from the summit

LONG experience, and a general mood of disillusion, have taught us not to expect that summit meetings will solve problems; but there is now perhaps a tendency to expect too little of these gatherings.

The success of such meetings is necessarily concealed: there are few countries where a national leader could openly admit that he had trimmed his policies because of international pressure without a damaging loss of prestige.

However, the history of the international crisis of the past eight years shows that politicians have indeed been aware of interdependence. To have weathered one sharp international slump, and come some way into a second, shallower but perhaps more obstinate recession with so little resort to protectionism or to beggar-my-neighbour policies is a creditable achievement.

In one sense, the going has been relatively easy up till now. The West has been conscious of tackling an external threat from Opec, so that there has been little temptation to recrimination. At the same time, leaders of long experience have also been aware of the disastrous results of the co-ordinated world boom of 1972-73, which had created a major inflation problem before the dramatic rise in energy costs. Facile "solutions" were therefore equally ruled out.

The outlook this time is more problematical. Energy prices are already receding from their last large step increase. Many of the most pressing immediate problems are widely attributed to the actions of a new and self-confident but inexperienced U.S. administration.

The European leaders for their part, seem acutely aware of the dangers of a polarised summit, and their line on U.S. policies, notably on high U.S. interest rates, has been softening rapidly in advance of the meeting. If there is now a danger, it is of a meeting characterised by defensive mumbling all round.

This would be a waste of an important opportunity, for there are important issues raised by U.S. and indeed by Japanese and EEC policy which need airing, and where helpful changes should be possible without endangering domestic objectives. Thus while the whole world stands to gain from American success in combating inflation, the damage done by a prolonged regime of high interest rates, especially to the poorer debtor countries, is real and threatening. The EEC leaders should repeat what was agreed by their finance ministers last week: a U.S. tax regime which allows such large offsets for interest payments demands higher rates to get any given degree of restraint.

Such a reminder is hardly likely to change the U.S. tax regime, but might make for a more receptive U.S. hearing on related topics. The current U.S. aid policy seems to give too little weight to the problems which developing countries are suffering during the present combination of trade recession and dear credit; the stress on bilateral aid does not sit well with continued public devotion to the ideals of free international markets.

EEC textile policies might well bear examination under the same head. A thorough discussion of Japanese trade and foreign investment might reduce the danger of discriminatory protectionism—isolation in its most objectionable form. Finally, the leaders might consider jointly whether domestic policies should not take account of the need to reduce exchange rate volatility. Given a meaningful agenda, the perspective from the Ottawa summit should prove instructive.

Jenkins' 30% poll target

ACCORDING to the opinion polls, Mr Roy Jenkins will not win today's by-election in Warrington. The question is how well he needs to do to give the new Social Democrat Party a permanent place on the British political map.

Warrington is an odd constituency. Its electorate is small—just under 44,000 at the last general election as against a national average of about 65,000. It is predominantly lower-middle-class and not especially poor by British standards. It has been largely untouched by immigration and immune from the recent disturbances on the streets, even though Merseyside is not very far away.

The constituency has voted solidly Labour since 1945. In the general election of 1979 the Labour candidate won 61.7 per cent of the vote, the Conservative 28.8 per cent and the Liberal 9 per cent. The internal upheavals in the Labour Party, so much discussed in central London, seem to have passed it by. All the indications are that Warrington remains Labour at heart.

By any normal criteria, if Mr Jenkins were to win 25 per cent of the vote, he would have done extremely well. He is after all, an outsider, something of a voice from the past, representing a party that was formed less than six months ago and whose policies are as yet unclear.

Inevitably, however, expectations are higher. It would be foolish to quarrel about a fraction of a percentage point, but Mr Jenkins will probably be judged to have done badly if he polls anything less than 30 per cent.

The signs are that the 30 per cent target is within his grasp. No one should underestimate his achievement if he pulls it off. For a new party to win almost one-third of the votes in a constituency as fundamentally unpromising as Warrington would be a major breakthrough in British politics. It would suggest that the Social Democrats could even win the next general election outright.

Protecting the investor

ONCE IF you wanted to invest your savings or your aunt's legacy, or you wanted to plan for financial affairs, you would have gone to your solicitor, accountant or stockbroker. In the past 15 years, a new breed of specialist investment managers has emerged in the UK prepared to offer both advice and management across a wide range of investments. Their attraction to some private investors is that they offer a more personal relationship than, say, unit trusts.

Some of them have run into highly publicised trouble. No fewer than four investment management groups have collapsed since the beginning of the year with subsequent investigations by either the Trade Department or the Fraud Squad. Yet the Government steadfastly refuses to recognise the new service industry which has emerged.

Investment management groups do not come under any effective form of legislation. The Prevention of Fraud (Investments) Act exists but it was passed in 1939 to prevent share pushing and was last revised in 1958.

It covers dealers in securities who must obtain a Trade Department licence. But that can simply be purchased by anyone without previous stain to his character. Continuing supervision of licensees, as the recent collapses have shown, is minimal and ineffective.

The Bank of England, the Stock Exchange, the newly formed Association of Licensed Dealers have joined forces to press for statutory control of investment managers, through a review of the Act.

Government continues to deny it Parliamentary time. The same thing happened last year when problems in the securities market led to calls for tighter rules on the disclosure of share stakes in companies. Finally, the Government bowed to the pressure but the end result is far from satisfactory. More than 20 complicated clauses were cobbled together between May and June and scrambled into the Companies Bill in time for a one-day debate in the Commons committee.

So strong is the call from the City for review of the Prevention of Fraud (Investments) Act, soon likely to be joined by backbenchers in Parliament, that the same hasty manoeuvring could occur as with the disclosure legislation. That would be regrettable. The legislation which is needed should be carefully drafted to provide a strong framework for a new industry which will continue to grow in size. Sufficient Parliamentary time should be found for it.

THE LLOYD'S BILL

Divorce proceedings at the club

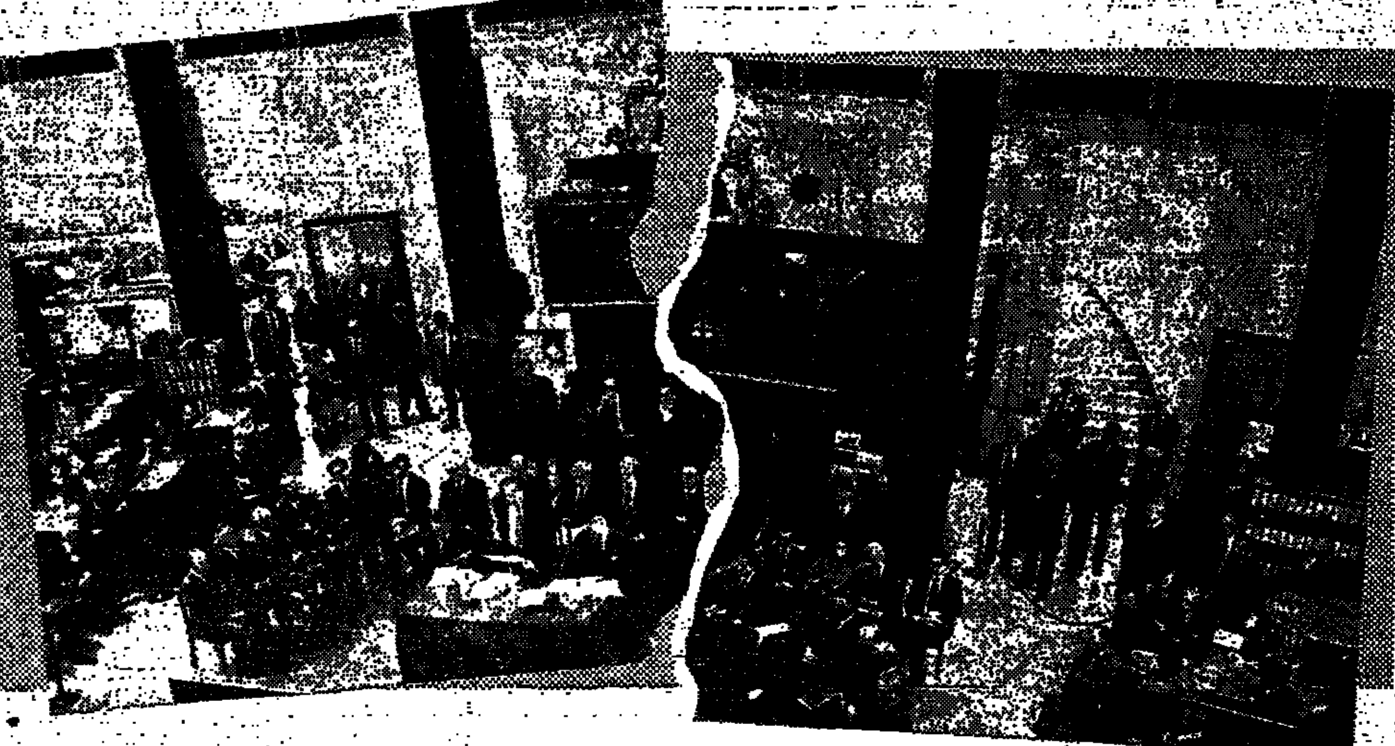
By John Moore

LLOYD'S OF LONDON is heading for a major clash next week with a House of Commons committee over a private Bill now before Parliament. At risk are the first radical legislative changes proposed in more than 100 years by the City's unique insurance market and most famous commercial club.

A vote is to be held tomorrow among the 19,136 members of Lloyd's on key provisions which the Commons committee wants to include in the Bill. These involve two fundamental alterations to the structure of Lloyd's.

The four-man Committee ruled in May that Lloyd's brokers, who buy insurance on behalf of clients, should not own underwriters, who sell insurance. The brokers, the committee said, should divest themselves of their underwriting links over a five-year period.

The Commons committee, under the chairmanship of Mr Michael Meacher, Labour MP for Oldham W, also ruled that the Lloyd's Bill should be amended to preclude managing agents from acting as members agents—known as the "divorce" issue in Lloyd's.



Lloyd's trading floor: never has a divorce case involved so many relations

Lloyd's has reluctantly accepted Parliament's ruling on divestment and officially recommended members to vote in favour of the insertion of the new clause in the Bill. But "divorce" is a different matter. No official blessing has been given and heavy lobbying will ensure that a significant majority will vote against the requirement. (A significant majority will probably vote in favour of divestment.)

A grim-faced Mr Peter Green, Lloyd's 56-year-old chairman warned this week that unless the institution is able to reconcile its differences with the Commons committee there may be no alternative but to withdraw the Bill. "With a possible vote against divorce we may be unable to comply with Parliament's request. In which case it will appear we have no alternative but to withdraw the Bill," he said.

If that happens there is a possibility that any substitute Bill will not gain the necessary support from the market, which is deeply divided among itself over the issue of Lloyd's future government and structure.

For Lloyd's the withdrawal of the Bill would have grave consequences. It urgently needs a range of self regulatory powers backed by law to bring order to a market which has been showing signs of disorder. In the last three years or so an unprecedented number of scandals and disputes have broken out within the market. But Lloyd's has been unable to deal with them adequately because its regulatory powers are inadequate.

Lloyd's needs to demonstrate to increasingly concerned insurance regulatory authorities in important overseas markets that it can supervise its own affairs effectively. For instance, the U.S. produces around a half of the market's total premium income of £2bn. If the Bill does not become law Lloyd's fears that its standing in international insurance markets may be damaged.

But the basic argument of the Commons committee is that if the present conflicts of interest in the market are left untouched the effectiveness of Lloyd's self-regulatory powers may be undermined.

The intensity of the debate about Lloyd's structure owes too much to the filing of Parliamentary petition by two Lloyd's underwriting members, Mr Nick Parker and Mr John Burrows, who were seeking major changes to the market's Bill.

The petitioners are backed by the financial support of Mr Ian Posgate — a leading marine underwriter whose syndicates are controlled by the Alexander Howden Group, a financial holding company with large Lloyd's broking and underwriting interests—and by Mr Malcolm Pearson, chairman of Pearson Webb Springbett, a small Lloyd's broker. Together they ensured that the Bill and Lloyd's affairs were subject to the closest scrutiny during the committee stage.

Mr Posgate, a leading supporter of divestment, gave crucial and damning evidence to the Commons committee. He said that certain brokers use the muscle provided by their large business volumes to exert pressure in the market. He said the smaller brokers placed business consciously with syndicates under their management taking exorbitant commissions from those syndicates.

On the questions of abuse arising in the agencies, he said: "When managing agencies are big and making millions of pounds profit it is possible, and indeed probable, that the rent of the agency offices and various other costs of staff will be passed to the names (the members) on the syndicate as a syndicate expense rather than an agency expense." This abuse, he said, "should be clarified."

Mr Posgate said that when prospective members go to a managing agent who owns a syndicate there is "the temptation" to put the member on syndicates which are run by the agent. He also pointed out that some managing agents offer commissions of up to £1,000 per annum for introduction of new members to their syndicates. These commissions may be paid to people outside the Lloyd's market such as stockbrokers, solicitors or accountants.

Mr Meacher and his three-man committee were satisfied that abuses were likely to arise. Mr Meacher asked for the changes to the Bill and told Lloyd's to seek authority from its membership to proceed with amending the Bill.

But the Parliamentary requirement for the divorce of agency interests provoked near apoplexy among the 200 managing agents, nearly all of whom act as members agents. The measure had not been expected and had a devastating effect on market sentiment towards the Bill.

They felt that the case had not been properly argued for or against the divorce issue.

Inevitably, the question of the effectiveness of self regulation has been swamped in Lloyd's by considerations of how money and power would be redeployed in the market as a result of the Parliamentary decisions.

These could mean that all brokers have to sell off their underwriting managing agencies in a sale which should earn them more than £100m. But they will be losing revenues which could contribute as much as 30 per cent of their profits.

The brokers are to be allowed to keep their members agencies. It has been argued that members agency work is an intermediary function which should be carried out by the brokers who are intermediaries.

If divorce of agency interests is proceeded with, the brokers could still remain powerful and maintain considerable influence over the market because they could control the ebb and flow of underwriting capacity to the market, and exert pressure on active underwriters.

Yet if divestment of their direct links with underwriting interests takes place they will lose an important prop to their operations. Eight brokers produce just 60 per cent of Lloyd's premiums. They control 50 per cent of the underwriting capacity through their agencies.

This concentration of power has eliminated much competition within the Lloyd's market, supported Lloyd's pricing structure and provided a steady bedrock of solid earnings to both broking and underwriting groups. Naturally, the possible loss of the brokers' close involvement with the market has caused anxiety throughout Lloyd's.

On the other hand, divorce of agency operations in Lloyd's will mean that 15,000 underwriting members may have to change their underwriting arrangements. Career opportunities for active underwriters will be disrupted. Some agencies may lose large revenues.

The tension between Lloyd's and Parliament has prompted influential sections of the market to break ranks with the official Lloyd's establishment. Alexander Howden, C. E. Heath, and Minet Holdings, all with large Lloyd's broking and underwriting interests, have joined forces with a group of underwriting agents to attack both the provisions required by Parliament.

A campaign involving lobbying in Parliament, the possibility of Parliamentary petitions being presented to both the Commons and the House of Lords, challenges on procedural points, and open public criticism of the Lloyd's Bill is being mounted by the Howden lobby.

This is why Lloyd's fears that if it cannot get its Bill through Parliament this time around, the chance may not come again. Lloyd's will need a 75 per cent majority from its membership to promote a new Bill under Parliamentary procedure. No Bill, it stresses, can be submitted to Parliament again without at least including the divestment clause.

With opposition growing from all quarters of the market, the prospect of any future satisfactory majority is becoming remote.

WHAT THE ROW IS ALL ABOUT

NEVER HAS a domestic divorce case involved so many relations. The various interests of the Lloyd's market interlock to such a degree that Parliament fears that conflict of interest could overwhelm any new self regulatory structure like the one proposed in the Bill.

The agency system at Lloyd's works in the following way. Wealthy individuals who want to join the market have to choose one of Lloyd's 300 underwriting agents to look after their affairs.

There are about 100 members agents which are often owned by brokers. These groups find prospective underwriting members — through family, business or social connections—and then steers them through the application procedure. They arrange a suitable portfolio of underwriting for the member and introduce him or her to various underwriting syndicates at Lloyd's. They look after the member's affairs and offer advice on a regular basis. All 19,136 members of Lloyd's are grouped into syndicates to allow greater amounts of insurance business to be handled.

The syndicates are managed by managing agents. They hire and fire the active underwriters, the professionals who accept and underwrite insurance business on behalf of the 16,000 members of Lloyd's who do not work in the market. These 16,000 "armchair underwriters" put up their capital—usually means of £100,000 must be shown — to support the market's operation in return for a share of the profits.

But nearly all the managing agents also act as members agents, introducing their own members to Lloyd's and placing them on other underwriting syndicates as well as their own. Many managing agents are owned by brokers. If divestment is implemented the brokers will have to sell these agencies.

Commercial arrangements between a member's agent and a managing agent can vary. But a typical example may work like this. All underwriting members pay an underwriting salary to whoever is managing their money, plus a percentage of the profits they receive. The underwriting salary may be calculated as a percentage of the insurance premium, or business, that the member is prepared to have accepted on his behalf in the syndicate. This may be 1 per cent of the total premiums he is willing to accept on that syndicate.

In addition, a profit commission of usually 20 per cent will be paid. Of the combined amounts roughly two-thirds may go to the managing agent, while a third will go to the member's agent.

Members' agents are a relatively new phenomenon in Lloyd's. Pure members agency work has only grown up in the post war period. It partly developed as a response to a growing desire for detailed portfolio management and advisory services in the market. Ironically, in the past it has been the desirability or need of the members agency function in Lloyd's which has been questioned, not the possible conflicts of interest which may arise from managing agency work.

Lloyd's argues that a prospective member presently has the freedom to choose an underwriting agent. The divorce proposition would remove the direct and personal link with active underwriters. Members agents would be reduced only to soliciting new business while the managing agents would be at the mercy of the members agents in finding new clients. At the moment managing agents are nearly all members agents so the personal links that criss-cross Lloyd's would be severed.

Moreover, Lloyd's argues, many large members agencies are actually run by Lloyd's brokers. If the Parliamentary proposal was adopted, it says, the power of the brokers would be increased. The new legislation will not require the brokers to give up their ownership of members agencies. The brokers would still be able to exert a powerful influence over active underwriters by reason of being able to control the capacity flows.

MEN AND MATTERS

Chips off the old block

"Bosses today just sit there, ussing about figures . . . they don't get involved as we did. Developments in the electronics industry are thrilling; but it seems to have lost all its personalities." Alexander Poliakoff, last of the generation of pioneers that included Allen Clark of Plessey, Edward Lewis of Decca, and Jules Thorn, was reflecting yesterday on his 50 years in the business.

It was in 1931 that he and his father Joseph, helped out of post-Revolution Russia some years earlier by Marconi, founded Multitone, the communications company, with £500 borrowed from the family solicitor. "We were innovators, not businessmen," says Poliakoff. Commercial success has been modest compared with the empire that his friend Thorn built. But Multitone flourishes with a 10 per cent increase in sales last year to £14m. "And as a way of life, it has been much more interesting."

His father had been head of Moscow's Telephone Construction Company but was primarily an inventor. "The Soviet encyclopaedia calls him 'the father of all automation' but I think that's a bit steep." He started the business in London after Clark had turned down his suggestion that Plessey exploit his ideas in exchange for a third of the equity.

They made radio components, then produced the first pocket-sized deaf aid, following up with a radio set for the deaf which was the sensation of the show at Olympia in 1934. "I have witnessed a miracle," a reporter wrote at the time. Poliakoff opened consulting rooms in the West End "full of antique furniture and a butler to open the door" for his customers. It remained the company's major business until its involvement in electro-medical equipment, led to the introduction of a radio-paging system for St Thomas's Hospital in 1956.

Since then its systems have been put to work for the Post Office and in the London and New York stock exchanges, at three Olympic Games, and in Moscow's first-aid service as well as the Kremlin. Poliakoff is welcomed in his native Russia and still speaks the language fluently "though in an archaic style . . . a bit like Olivier reciting Shakespeare."

At the age of 70, he is still active in the company. "I still get ideas . . . took out my last patent only a few months ago," he says. The industry's future excites him. But he reckons they did some things better in the old days. Multitone has never had a strike in its 50-year history, he points out. "I am the fourth generation of paternalistic employers, brought up to get around and talk to people but not to stand any nonsense."

"With the need to stop riots, how could I vote for someone who can't pronounce his r's?"

Marx . . .

Dialectics being what they are, it is hardly surprising that among the first to feel the benefit of a new campaign to combat Marxism in industry will be left-wing publications including the Morning Star and Socialist Worker.

For "know your enemy" is one of the main themes to emerge from "Marxism and Managers", published by Aims, those Joe Jordans of the right. The tract is written by Ken Watkins of Sheffield University's Department of Political Theory, while Aims director Michael Ivens will ensure that *lotta continua* by means of a series of follow-up seminars.

Nobody said the struggle would be easy. But I suspect that many managers would rather embrace the closed shop than the self-catechising methods advocated by Watkins. Managers should brace themselves before shaving each morning with questions like the following:

"Can you identify and distinguish militant from tinguish a democratic militant from a Marxist?

"Do you read the Morning Star and/or the Socialist Worker to see what the enemy is thinking?

"Can you argue convincingly against the theory of surplus value? (trickly one, this may involve changing the course of history).

"How would you refute the argument that recession, inflation and unemployment are caused by the "inherent contradictions" of capitalism?"

"Have you assessed the practical relevance of the concept of "bourgeois law" to your company?"

Ah, the many happy hours which I have spent discussing just such questions with comrades at my own place of exploitation! No doubt in time we shall have an answer, spurred on not only by Watkins's ten-page *guide bleu*, but also by his helpful reading list, which includes some racy little titles like "The Communist Manifesto" (K. Marx, F. Engels) and "Introduction to the Critique of Political Economy" (K. Marx).

"The problem cannot be avoided," thunders Watkins. "To deny it or ignore it is to surrender. To take up the gauntlet will be to survive."

You have been warned. Oh, and just in case you take a cynical view of the relevance of academics to industry, I was delighted to learn that Watkins is not without practical experience. A trades unionist, he once led a strike himself. There is hope for us all.

. . . and Spencer

After a fortnight of rioting and looting in Britain's high streets, one might have thought it a rather poor testimonial to the attraction of Marks and Spencer merchandise that the entire chain had escaped with only one cracked window-pane. Not so! explained chairman Lord Sieff at yesterday's annual meeting, it was thanks to the loyalty of staff and "the high respect in which we are held by the community."

Left bank

Upstairs at St Swithin's Lane does not appear to have exercised a very powerful fascination for David Secker Walker, appointed a vice-chairman of N. M. Rothschild when Michael Richardson was drafted in from Cazenove to run corporate finance. Four months after those moves were announced, Secker Walker has hoisted sail and set course for Cayzer, the bank headed by Sir Nicholas Cayzer within the British and Commonwealth Shipping group. Apart from being vice-chairman of the bank he will from September become managing director of St Mary Axe Holdings, which includes the Gartmore investment group.

ECONOMIC VIEWPOINT

Job creation: getting the priorities right

THERE will be little possibility of rational discussion of economic policy until the upward trend in unemployment has been reversed. Bricks through windows do not settle any arguments, as some commentators need to be sharply reminded: but they do prevent arguments from being heard and discussed.

The unemployment figure due next Tuesday will be of a "Phew, what a scorcher!" kind. We start from a June "headline figure" of nearly 2.7m. The adult jobless total is likely to rise by nearly 100,000 for seasonal reasons alone and by well over 100,000 through the influx of school leavers.

The Civil Service dispute could add another 100,000 because of the delay in eliminating people who have come off the register—a contribution we need like a hole in the head. There is thus a good chance that the "wets" will have their hearts' desire: a headline of "Three million out of work."

New unpublished Treasury forecasts show a pretty dismal recovery in output next year—hardly more than 1 per cent and not enough to reverse the unemployment trend. These forecasts are not holy writ and Ministers are right to be sceptical. Where they have gone wrong in the past is in forgetting Murphy's Law "If anything can go wrong, it will." In other words, they should have realised that forecasts can go wrong in being insufficiently pessimistic and they should have been as sceptical of the reassuring forecasts as of the gloomy ones.

Broad "macro" measures are most unlikely to help reverse the unemployment trend. Total spending (i.e. money GDP) is rising by about 10 to 12 per cent per annum or by about £25bn to £30bn. Would it really help to boost this to 15 or 20 per cent? Even if we did not care about the resulting inflation for its own sake, it would be as likely to harm as to boost employment even in the short term.

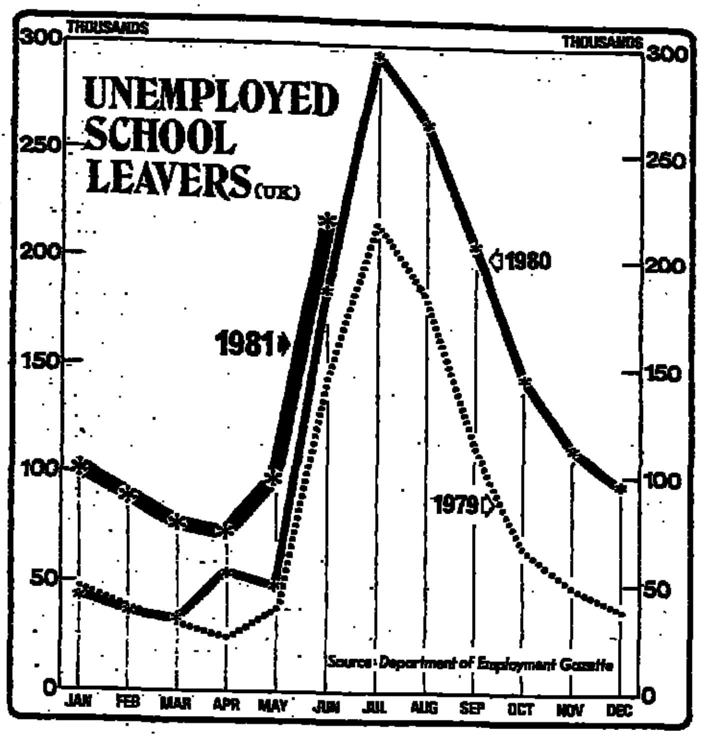
Would a revival of inflationary expectations, an even sharper fall in sterling than we have already had, and a consequential rise in interest rates boost either consumer confidence or business investment? Does anyone who remembers Mr Healey's turnround at London Airport in 1976 even need to look in the crystal ball?

It is sometimes said that the need is not for massive reflation, but for some gestures such as more railway electrification or an early start to the Channel tunnel. This is surely a recipe for the worst of all worlds: a trivial effect on jobs even on the most conventional "Keynesian" arithmetic plus a risk of a large adverse kick-back to confidence and to inflationary expectations.

The only measures worth considering on the macro side would be ones to take some of the £25bn to £30bn increase in demand occurring in any case and syphon it away from higher pay and into increased outlay on real goods and services (and also profit margines).

If it were not for all the many past unsuccessful experiments, there would be a case for an emergency temporary pay freeze to accelerate the adaptation to the present financial framework and with exceptions only for labour shortages. The "if" is all important. The adverse political and economic side effects of any such venture should rule it out.

At the very least, however, it is time to stop Civil Service unions from financing their dispute at such a very small cost to themselves. Every week we have been reading that the Government is going to get tough b ywithdrawing its existing offer or postponing its introduction or in some other way; whatever happens now, action has already been postponed for too long.



Bob Hutchison

Mrs Thatcher's economic team constantly says that union monopoly power aggravates unemployment; but outside the hard core of Treasury ministers the paternalists, with the crocodile tears for the unemployment which they have helped to create, are too often allowed to win the day on issues involving the treatment of the public sector (as distinct from the services it provides).

To change the unemployment trend soon, we will also need what the Americans call direct job creation (DJC). These are a mixture of cosmetics, palliatives, and genuine structural reforms. What they have in common is that they create more jobs per pound spent than conventional spending boosts and can therefore be financed by switching rather than by just increasing Government spending.

There are two main kinds of job creation: wage subsidies and public employment. The point of a wage subsidy is that it reduces the marginal cost of employing an extra person without the Government having to meet more than a small fraction of the total wage bill. The snag to be watched is known as "displacement," ie that the subsidised jobs are at the expense of jobs in firms which do not benefit or are jobs which would have occurred in any case.

Professor Richard Layard, of the LSE has proposed a subsidy of £70 a week for every net addition to a company's labour force, drawn from people out of work for more than six months. The £70 was based on Exchequer costs in benefits and lost tax and may be too high because the scheme may attract people not at present registered as unemployed.

A very modest version of this scheme was applied by the Labour Government for small firms in the unemployment black spots.

The Prime Minister's special adviser, Professor Alan Walters, has now taken up a different version in which employers hiring school leavers at substantially less than the pay rates, would be relieved of insurance contributions and, perhaps, given a topping up grant as well. It has the advantage of concentrating on the youth labour market. Apart from the obvious social gains, it would be injecting money where the danger of stimulating inflationary wage demands would be least, and where jobs are most likely to be created rather than displaced.

The ideal of a Youth Opportunities Programme (YOP) place for every school leaver unemployed by Christmas, is a good one. But with YOP inflated to a size never originally intended, and at which worthwhile training is increasingly difficult, it should at the margin give way to plans for pricing people into genuine jobs.

UK UNEMPLOYED BY AGE AND DURATION *

	AGE GROUP					
Duration (months)	16-18	19-24	25-44	45-59	60+	All ages
Up to 3	154,241	242,424	331,984	137,641	42,180	908,470
3-6	81,513	160,278	203,229	94,062	34,661	573,743
6-12	73,935	127,460	164,640	80,707	35,091	481,833
Over 12	10,447	80,692	154,620	135,172	74,474	455,405
TOTAL unemployed	320,136	610,854	854,473	447,582	186,406	2,419,451
As % of labour force	15.9	14.8	8.1	7.8	11.1	10.0
Total Labour Force	2.01m	4.13m	10.55m	5.75m	1.68m	24.12m

* January 15 1981

Source: D.E. Gazette, FT Statistics Division

Public employment measures have a long history. Experience in Roosevelt's new deal was not entirely happy. A Brookings study (Creating Jobs, DC20036, 1978), suggests that there was a good deal of job displacement and that many of the works undertaken were of limited value.

Public employment can still contribute to output and welfare, provided the key principle is observed that the wage offered should be less than the private sector wage for unskilled labour, but greater than social security benefits.

An approximation to this principle is another Layard proposal that any worker unemployed for over six months would have the right to be employed on a publicly supported project at a wage 10 per cent higher than his benefit entitlement.

Cosmetic methods of reducing the unemployment statistics should not be entirely spurned. A failing of Thatcherite politicians is that they forget that people live by symbols of which the unemployment figures is one.

The distinction to make is between harmful and harmless ways of getting people off the unemployment register. A harmful plan going round the Department of Employment would extend the voluntary retirement scheme to people over 60. They would be encouraged to retire prematurely provided that they were replaced by members of the unemployed.

This is a characteristic example of the "lump of labour fallacy." It takes out people from employment altogether and is a net destruction of wealth except on the ultra pessimistic assumption, belied by the figures in the table, that the unemployed replacements would never have got a job at all. The reductio ad absurdum would be to force the three million oldest workers to retire, to be replaced by the unemployed. What you would then get would not be full employment but impoverishment, disruption and chaos. In any case such a measure would be most unlikely to affect the hard core of unskilled young people difficult to employ.

A more sensible variant would simply be to allow people over 60, or perhaps over 55, who are in any case unemployed, to declare themselves retired and to obtain a form of retirement instead of unemployment benefit. This could take up to 400,000 people off the register. Nobody would be forced out of the labour force, and there would be nothing to stop people coming back from retirement if the opportunity arose.

Ultimately, however, most of the schemes discussed are ways of buying time or helping fringe people into work. The restoration of full employment must ultimately depend on the weakening of labour market monopoly and the institutionalised pricing of people out of work, which is the dominant characteristic of the labour market and which no government has ever begun to tackle.

Samuel Brittan

Letters to the Editor

Graduates in industry

From the Chief Careers Adviser University of Stirling

Sir,—In Michael Dixon's article "We should be told why" (July 9) concerning the cuts in financial resources and students prescribed by the University Grants Committee, he strongly suggests that the public ought to know the criteria which members of the UGC have used in reaching their decisions. The Universities, especially those most severely affected, would also like to know these criteria because of the uneven nature of the cuts.

In his final paragraph Mr Dixon expresses the view that the public ought to be made fully aware of the employability of the graduates of each University as a very important, if not the most important, criterion for judging the viability of a University. Some earlier paragraphs together with the first column of his table endeavour to produce evidence in support of his case. Unfortunately as far as employability is concerned he used only the negative figure without giving a comparative positive figure for each University. Moreover the figures include graduates in temporary employment during the time when that category included graduates who may have taken up essential relevant temporary employment for as long as a year before embarking on permanent employment or postgraduate studies or training such as social work and library training. From 1980, the statistics sub-committee of the Association of Graduate Careers Advisory Services, in consultation with the Universities' Statistical Record, has renamed "temporary employment" as "short-term employment" and defined it as employment of three months or less. They have also renamed "permanent employment" as "entering employment" and defined it as employment of more than three months.

With that information in mind your readers should be made aware of the following comparative figures for 1980 graduates as Mr Dixon has made a case only for the technological universities worst affected by the cuts.

The first two columns give the positive employment information neglected by Mr Dixon. If Stirling's figures were compared with some Universities in England, which have been treated much more favourably by the UGC, one would be left to wonder even more about the criteria adopted by the UGC. It is not however for me to make detailed invidious comparisons especially in the current circumstances.

W. H. A. Abbott.
University of Stirling, Stirling, Scotland.

	Entering employment %	Remaining with/returning to previous employer %	Short-term employment %	Not avail. %	No employ./study/trg. arranged %	No or insuff. info. %
Stirling	46.2	0	4.5	1.6	8.9	9.1
All UK Universities	44.0	1.4	2.2	2.1	7.5	9.5

Employable citizens

From Mr J. Pollock

Sir,—Michael Dixon produced a most interesting table in the Jobs Column of July 9. When the University Grants Committee published its cuts it was apparent that it had rated placement in jobs as a *minor* factor in determining these cuts — if it had considered them at all. Michael Dixon has confirmed one's suspicions.

If the UGC had considered the success of students in obtaining jobs as important it would have given Salford and Aston more money and places rather than cutting them savagely. Indeed, because these Universities are unfashionable, they have to accept undergraduates with lower than average A-level passes. Yet they are constantly at the top of the list in producing employable citizens, so rate as two of our most successful universities.

A more important question, which Michael Dixon left to the Economist, is "why cut the University sector at all when polytechnics and colleges of higher education are offering full-time academic degree courses?" Why, indeed, cut the higher education system at all. The effect will be to push potential undergraduates onto the job market, where they will compete with those less well qualified who, in turn, will push yet more youngsters with no qualifications onto the scrap-heap. And recent events in our inner cities do not suggest that the effects will be beneficial.

John M. Pollock.
221 Hemdean Road, Caversham, Reading.

Bankruptcy deferred?

From the Managing Director, Control Technology.

Sir—July marks the sixth month that a company could conceivably have delayed payment of PAYE, NHI and VAT. The result of such non-payment upon a company of say 30 employees and with a monthly added value of £20,000, could mean an impending liability in the region of £50,000.

Figures would seem to indicate that a majority of small companies are taking advantage of this "payments holiday." Indeed, I imagine, many can justify the taking of any meagre crumb from the Government as a reciprocal arrangement. What should be of concern is the ability to meet such a liability as and when the civil servants' dispute ends. I doubt that the payments due are carefully being put on bank deposit to reap an interest dividend. More likely they are being used to ease cash flow problems, or more seriously, ward off bankruptcy.

It is hardly surprising to read, therefore, that business failures actually fell during the second quarter of this year. What is surprising is that the reports by Trade Indemnity and Dunn and Bradstreet would mainly attribute this fall to seasonal factors. It is relatively easy to continue trading when insolvent, albeit unknowingly, provided the major creditor allows unlimited credit and an unspecified time in which to pay.

The correlatory factor between this state of affairs, combined with an economic trough, must surely be a vast increase in insolvent situations. Bankruptcy being deferred pending settlement of the civil servants dispute. No mystical powers are needed to imagine the forthcoming dilemma awaiting many small businesses when those buff envelopes once again begin to drop through the letter-box.

Clive Nottingham.
Bolney Avenue, Peacehaven, East Sussex.

Point of no return

From the Chairman, Coopers (Metals).

Sir,—Section 14 of the 1980 Finance Act allows Customs and Excise to charge half per cent per diem or over 180 per cent per annum on VAT unpaid but there is no *quid pro quo* for the reverse.

Exports of this, and any company, do not have VAT attached and consequently we are entitled to reclaim VAT on goods bought for export. As a result of the civil servants' strike no VAT has been paid back to us since the beginning of February and it would appear that we are not entitled to any interest. Since our exports are runing at some £25m annually we now have a situation that while we can borrow from the banks, their interest is obviously eroding our profitability and we could be forced into a situation of curtailment of staff.

In the current circumstances "export or die" could be "export and die."

Robert Cooper.
Coopers (Metals).
Bridge House, Gipsy Lane, Swindon, Wiltshire.

Problems of aid and trade

From the Honorary Secretary, Economic Research Council

Sir,—Mr A. W. Burgess (July 8) calls for a "Brittan report" on the problems arising from aid and trade with the third world, while Mr Tim Renton, MP, says "the problem will only be solved by a strong-minded vision of the type that brought Marshall Aid from the U.S. to Europe." Plans on these lines were current and recognised as urgent in the 1940s, when post-war plans were under consideration, but these have since been largely ignored.

In 1942, Lord Keynes put forward a scheme which made the point that equal pressure should be brought to bear, not only on the debtor nation to pay its debts, but also on the creditor to accept payment. Keynes envisaged the setting up of a clearing union where payments between nations could be swopped and the means established to iron out the debtor-creditor relationships. This plan was turned down.

In 1941, a publication entitled "A Twentieth Century economic system" envisaged a system of multilateral contra-account, whereby nations would acquire credits in an international clearing union when they exported, it could only clear those credits when it imported, so creating a contra-account. It would not have to import from the country to which it sold, but, if it wished to take payment, it could do so only by importing from some other nation to the value of its exports (visible and invisible).

Failure to import would result in a credit held by the international clearing union; credits so created would have an agreed life and would then be cancelled. This plan, very briefly summarised, achieved significant support at a subsequent conference of Commonwealth chambers of commerce.

A similar scheme was put forward by Dr. Herbert Feis, at that time an official of the American Treasury. He advocated the setting up of an international clearing house where claims between the various countries could be swopped and, if claims remained outstanding over an agreed period of years, they would be cancelled.

With the breakdown of the Bretton Woods system, the need for a better system of international payments is increasingly recognised. A system under which nations in credit should accept the obligation which is crucial in the case of the developing countries, to increase the volume of their imports would give the debtors the opportunity of meeting their indebtedness. Such a system would provide the machinery whereby export surplus and deficit balances were held in an agreed customs union.

The high-income industrialised countries need an expansion of world markets. The low-income countries would provide the capacity for that expansion if means were found to enable them to meet their obligations without being saddled with unpayable debt.

Aid and loans cannot by themselves do more than tinker with this problem.

Edward Holloway.
Economic Research Council,
55 Park Lane, W1.

Contracting out

From the chairman, National Association of Pension Funds, Parliamentary Committee

Sir,—You carry a report (July 8) that a firm of pension consultants is urging employers to reconsider now their decision to contract-out of the state earnings - related pension scheme.

Such advice must be based on premature assumptions. The Government has yet to decide on revised contracting-out terms which will apply from April 1983. Indeed, it will not receive the report of the Government Actuary on which it must base its decision for some time.

The National Association of Pension Funds advises its members and employers generally to await a Government announcement of the revised terms. The association, with the other pensions organisations, has already initiated discussions with the Secretary of State.

D. Blair.
Sunley House, Bedford Park, Croydon.

Occupational hazards

From the Director of Information, Company Pensions Information Centre

Sir,—In your pensions article "Occupational hazards" (July 10) you dealt at some length with the pension problems of people who change jobs, but I fear you were wrong to say "By law, a company pension scheme has to allow for transfers when a member changes jobs, rather than leaving the money where it is."

In fact, there is no general law requiring pension schemes either to pay out or to take in transfer values, and the Occupational Pensions Board in its recent report quite rightly stressed that the main problem is preserving the real value of the pension earned in the first job, regardless of whether that pension is left behind with the first employer or transferred to the scheme of the second employer. The Board concluded it would not be a good idea to compel schemes to offer or accept transfer values.

M. J. Brown.
Company Pensions Information Centre.
7 Old Park Lane, W1.

The value of architects

From the President Royal Institute of British Architects.

Sir,—Your architecture correspondent Colin Amery does the architectural profession a disservice when he states (July 6) "Architects are not managers, they are designers first of all."

The suggestion that design is just a matter of ideas and that project management can be left to someone more qualified is a dangerous one.

No one is better qualified than the architect to guide and manage a project through the complicated minefield that lies between the clients' brief and completion, simply because no other professional in the field has the architects' total grasp of the project.

Architects have in fact always acted as managers to a greater or lesser extent, and it is when they are prevented from exercising a management role by people whose first priority is something other than good, efficient design, that problems begin.

Creative design is the essential role of the architect. I would agree, and for this reason regret that articles so rarely mention the name of the architect when listing major items of property news. I recently found it necessary to make this point to Michael Heseltine, Secretary of State for the Environment. Surely the designer, the person who conceived the building, should be the first name to mention?

Owen Luder.
66, Portland Place, W1.

Continuity of jobs

From Mr T. Brooke.

Sir,—I was interested to read Mr Jerram's letter (July 11) dealing with the Government's decision on the sale of Gas Corporation showrooms following a recommendation by the *Monopolies Commission.*

I find it as difficult to follow Mr Jerram's conclusions as to understand the objection by the unions. If the showrooms are run efficiently, then the purchasers will continue providing employment to the people engaged in the activity. If, on the other hand, the manning is inefficient and the Gas Corporation has not taken the appropriate steps, then it is high time that private enterprise did.

T. A. Brooke.
13 Central Avenue, Eccleston Park, Prescot, Merseyside.

Today's Events

GENERAL

UK: Warrington by-election.

Resumed negotiations between London Transport and its three unions on Tube pay offer.

Overseas: Dr Mahathir Mohamed takes over as Prime Minister of Malaysia.

Sig Emilio Colombo, Italian Foreign Minister, visiting Bonn.

PARLIAMENTARY BUSINESS

House of Commons: Debate on outbreaks of civil disorder in Great Britain.

House of Lords: Armed Forces *Bill, report stage. Motion to* approve County Courts Jurisdiction Order 1981. Forgery and Counterfeiting Bill, consideration of Commons amendments. British Nationality Bill, committee stage.

OFFICIAL STATISTICS

UK banks' assets and liabilities and the money stock (mid-June). London dollar and sterling certificates of deposit (mid-June). Cyclical indicators for the UK economy (June).

COMPANY MEETINGS

Airflow Streamlines, Saxon Inn Motor Hotel, Northampton, 12. Boots Company, 20 Aldermanbury, EC, 11. Capper Neill, Midland Hotel, Manchester, 11.30. Chapman and Co. (Balham), Great Eastern Hotel, EC, 12.30. Courtaulds, Europa Hotel, W, 10.45. Energy Finance and General Trust Holdings, Dauntsey House, Frederick's Place, EC, 5. Hambros Investment Trust, 41 Bishopsgate, EC, 12. Harrisons and Crosfield, 14 St Mary Axe, EC, 11.15. Leigh Interests, 75 Harborne Road Birmingham, 12. Thomas Locker (Holdings), Church Street, Warrington, 11. London and Holyrood Trust, 122 Leadenhall Street, EC, 3. *London and Provincial* Trust, 122 Leadenhall Street, EC, 2.15.

Birmid Qualcast £1.8m loss after 26 weeks

ON turnover down 23 per cent at £97m, against £125.3m, **Birmid Qualcast**, foundry products, home and garden equipment maker, suffered a taxable loss of £1.81m for the 26 weeks ended May 2 1981, compared with a surplus of £4.76m.

And the interim dividend is a nominal 0.1p, to maintain Trustee status, with any recommendations as to a final distribution being made when the full year results are known. Payment for 1979-80 was a single 1.5p.

Mr J. F. Insch, chairman, says that in response to actions taken in recent months, the rate of loss has been steadily declining, and he is hopeful this trend will continue in the second half.

"There is, however, no strong evidence of any significant upturn in demand at present and this is essential for the group to return to adequate profitability."

He says that while the loss compares unfavourably, it shows considerable improvement against the performance in the second half of last year. For that period there was a £4.53m loss leaving the year's surplus at just £225,000, compared with £6.38m for the previous 12 months.

The chairman explains that the turnover drop clearly reflects the impact of the deep recession and the significant closures in two divisions.

The lawnmower companies again performed well, he says, but demand for heating products was lower. Although this has meant some reduction in profits from the heating sector, results are "nevertheless pleasing."

The recession has bitten very deeply in the foundry and engineering divisions, where losses have been incurred, Mr Insch adds.

There was a small trading profit of £601,000 compared with £6.7m, but interest charges were higher at £2.33m (£1.76m) and there were associate losses of £88,000 (£188,000).

After a tax charge of £51,000 (£1.95m) and minority credits of £60,000 (£96,000), the loss came through at £1.81m (£2.9m profit).

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HIGHLIGHTS

Lex looks at two take-over bids announced yesterday morning. **Northern Engineering Industries** is offering close to £26m for **Amalgamated Power** and the rather cheeky **Churchbury Estates** is making an offer for the much larger **Law Land** property company. On the results front **Birmid Qualcast** posted a loss for the second half year running and announced a nominal dividend. Lex also briefly looks at **British Enkalon** which is closing its manufacturing operations in Northern Ireland. On the inside pages the latest results of **Associated Newspapers** are considered. Interim profits are lower by an eighth while the Fleet Street circulation battle has held back a cover price rise in the second half and outside estimates are that the year will be down about a tenth.

Robert Fleming 51% surge to £12.3m

BY WILLIAM HALL, BANKING CORRESPONDENT

Robert Fleming, the small merchant bank which joined the accepting houses committee last October, increased its profits substantially in the year to March 31, 1981.

Pre-tax profits of Robert Fleming Holdings, parent of the merchant bank, rose by 51 per cent to £12.28m. The group, which is owned by members of the Fleming family and a wide variety of institutions, has declared a final dividend of 13.5p net which increases the total payment by 26.7 per cent to 19p.

Mr Joe Burnett-Stuart, who took— over as chairman at the beginning of the year following the retirement of Mr Bill Merton says in his annual statement that the credit for the good results is very broadly spread. He singles out the increase in activity of foreign exchange and Eurobond business for special note. The Far Eastern business has also been buoyant and Jardine Fleming, the Hong Kong merchant bank jointly owned with Jardine, Matheson and Co., also did well. The share of profits from associated companies, of which Jardine Fleming is the most important, more than trebled to £3.7m.

The group's pre-tax profits from merchant banking rose by 75 per cent to £9.15m. By contrast investment trust pre-tax profits increased by only 8.6 per cent to £3.13m. After tax of £4.96m, attributable profits amounted to £7.32m, as against £4.34m.

At the annual general meeting on August 11 at the bank's headquarters, the directors are proposing a special resolution that "the company be not re-registered under Section 8 of the Companies Act 1980 as a public company." As there is no intention to issue shares to the public in the foreseeable future the directors are of the opinion that the company should become a private company.

Rotaprint better second half

DESPITE A sharp improvement in the second six months **Rotaprint** still ended the year to March 28 1981 in the red, the pre-tax deficit emerging at £533,000, compared with a profit of £174,000.

By midyear the group, which manufactures printing and duplicating equipment, had turned a profit of £128,000 into a loss of £518,000. At that time the directors said a major reduction of numbers employed and in overheads was being carried out in order to return to profitability in the second half, and to protect the company's liquid resources.

Currently, they say trading remains extremely difficult—especially in export markets where business has to be fought for very hard and can only be obtained at poor prices.

Turnover for the past year fell back from £15.38m to £13.16m.

The pre-tax loss was struck after interest charges of £490,000.

There was a stated loss per 20p share of 9.32p (1.96p earnings) but the directors have declared a nominal dividend for the year of 0.1p net—last year an interim of 1.1205p was paid but the final was passed.

The company has completed the sale and leaseback of one of its freehold buildings, using the funds generated to repay a bank loan. The cost of retrenchment, redundancies and payments to former directors is included in the extraordinary items. In addition the company has provided £76,000 for settlement of an action against the company by the judicial administrator of SARL Gu-ot Fourchault, its former distributor in France, and by the owner of that company. A settlement has been agreed subject only to formalities and confirmation by the French commercial court.

Union Discount lower

The directors of the **Union Discount Company of London** state that profit for the half year ended June 30 1981 was somewhat less than that for the same period last year when unusual conditions prevailed in the money markets prior to the ending of the supplementary special deposit arrangements.

However, they say the surplus was significantly greater than that for the second six months of 1980 and they are maintaining the net interim dividend at 9p—last year a final of 14p was paid.

Apart from its holding of variable rate British Government securities the company now has a short book of money market instruments. The directors point out that the market is likely to remain cautious while new arrangements for monetary control are being introduced.

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Marks & Spencer sales up

SALES AT **Marks and Spencer** so far this year "are encouraging with a substantial volume increase in both clothing and food," Lord Sieff, the chairman, told shareholders at yesterday's annual meeting.

There had been a progressive gain of about 20 per cent in sales, he said, with a volume increase of between 13 and 14 per cent. Food, which now accounted for 38 per cent of total business through the stores, was showing particularly impressive growth. Last year the volume increase was the second highest for any food retailing group in the country.

Lord Sieff admitted, in response to a question from a shareholder, that the group had seriously underestimated demand for food during the Christmas period although it had budgeted for significant increase in volume.

The chairman tempered his view of the current year by saying that Marks and Spencer expected a "continuing squeeze on the purchasing power of its customers even if inflation declines." He attributed that to increased costs of mortgages, and public utilities. Marks and Spencer's own inflation, he said, was running at 1 per cent on clothing and 5 per cent on food.

JAMESONS CHOCOLATES

An increase from £33,688 to £53,304 in pre-tax profits is reported by **Jamesons Chocolates**, confectionery manufacturer, for the half-year to June 30 1981.

After tax up from £36,495 to £57,745, stated earnings per 10p share improved from 1.3p to 2p. The interim dividend is held at 1p—

Assoc. Newspapers slides and warns on second half

PRE-TAX PROFITS of **Associated Newspapers Group** tumbled from £12.31m to £10.78m in the half year to March 31 1981, and the directors warn that earnings in the second six months "may well be lower."

However, after a reduced tax charge of £4.79m, compared with £6.31m and minorities of £38,000 (£7,000) the attributable balance slipped by only £49,000 to £5.95m.

Stated earnings per 25p share eased to 19.6p (19.7p) but the interim dividend is being maintained at 4.5p net — last year a final of 5.9p was paid from taxable profits of £22.55m.

Turnover of the group, which owns the Dail Mail, a half share in Evening Standard Co, publisher of the New Standard, Weekend magazine and a string of provincial newspapers, declined in the six months from £119.36m to £116.37m.

The pre-tax surplus included a share of earnings of associates amounting to £2.06m (£2.23m) and income from investments which improved from £1.69m to £1.92m.

The directors point out that the 1981 Finance Bill contains proposals which will reduce the need to provide tax deferred by stock relief and that the effects of this will be to reduce the rate of tax provided in the current year, which is reflected in the charge at midway.

As well as newspapers the group's other activities include wharfage, transport, restaurants, furniture, property, market research, exhibitions, commercial radio, building, telephone information services and theatres.

It also has an interest in Southern Television and North Sea oil.

● comment

Asociated Newspapers figures bear the scars of the Fleet Street circulation battle. If the company had raised the cover price of the Daily Mail by 3p at the start of the second half, as it plans to de next Monday, then it would have generated another £6m of revenue instead of the less than £3m extra that is likely in the second half. As it was the savings in the first half from the closure of the Evening News were more than outweighed by depressed earnings from regional newspapers and a downturn in oil revenue from the Argyll field. An unquantified first time contribution from the Evening Standrad, treated as an associate, failed to offset lower earnings from the Bristol Evening Post and Southern Television. The balance sheet has been weakened after about £7m closure costs related to the Evening News. Earnings in the second half, traditionally the weaker period, are unlikely to reach those at the interim. Assuming full year profits of £20m, compared to £22.5m last time, the shares at 238p are on a prospective fully taxed p/e of over 7 and yield 6.4 per cent.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Assoc. Newspapers int.	4.5	Aug 27	4.5	—	10.4
Birmid Qualcast ... int.	0.1	Sept 9	1.5	—	1.5
Cawoods	2.5	Aug 27	2.1	3.9	3.5
Christie-Tyler	3	Oct 22	4.5	4	6.5
Daejan Holdings	2.63	Sept 9	2.28	3.85	3.5
General Cons. Inv. int.	2.25	Aug 10	2.25	—	5.9
Globe Investment	3.95	Sept 8	3.7	7.5	7.25§
Graig Shipping	15	Sept 12	10	25	25‡
Jamesons Chocolates int.	1	—	1	—	4
Ladies Pride .... int.	1.4	Sept 28	1.4	—	3.4
London and Lomnd. int.	1.6	Oct 2	1.6	—	3.8
Moorgate Invest.	4.8	Sept 21	4.1	7.3	6.35
Rotaprint	0.1	—	1.12	0.1	1.12
Symonds Engineering ...	0.08	Aug 31	0.56	0.3	0.79
Union Discount ...... int.	9	Sept 1	9	—	23
Wintrust	2.13	Oct 1	1.94	3.2	2.92

Dividends shown pence per share net except where otherwise stated. * Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ Includes 10p special payment. § Includes 0.8p special payment.

Mixed first half life and pensions business

Buoyant new life and pensions business was achieved in the first half of the year by the **Equitable Life Assurance Society**, the oldest mutual life company in the world.

New annual premiums advanced 54 per cent from £13.73m to £21.18m, while single premiums were almost 50 per cent higher at £8.75m, compared with £5.85m.

The major marketing success during the period was in self-employed pensions, where new annual premiums more than doubled from £5.50m to £12.92m and accounted for virtually all the growth in new annual premiums.

Term assurance premiums rose by half to £530,000, individual life and endowment contracts remained steady, but group pension annual premiums declined slightly.

The growth in single premium business was spread across the various sectors. Immediate annuity payments climbed 45 per cent to £2.87m (£1.98m), while self-employed and group pensions business both showed strong growth.

In contrast, the **Provident Life Association of London** recorded slightly lower business in the six months. New annual premiums on life business improved by 7½ per cent to £1.225m (£1.14m), but pensions annual premiums dropped nearly 50 per cent from £488,000 to £255,000.

The company transacts very little self-employed pensions business. Single premiums declined slightly to £215,000, compared with £235,000.

Legal and General Unit Assurance reports a 55 per cent rise in new annual premiums to £2.3m and a 84 per cent jump in single premiums to £10.3m.

Strong second-half rally, but Christie-Tyler down on year

AFTER INCURRING a pre-tax loss of £445,000 in the first six months, **Christie-Tyler** showed a marked improvement in the second half with profits of over £1m. The pre-tax figure for the full year to April 30 1981 was £567,332 but was well down on the previous year's total of £2.09m. Turnover of this furniture and upholstery manufacturer rose from £72.71m to £74.4m.

The final dividend is cut from 4.5p to 3p for a total of 4p, down from 6.5p.

Commenting on what he calls the group's "significant recovery" in the second half, Mr George Williams, the chairman, says the figures for that period are more than double those of the comparable period last year.

But, he adds, current trading conditions remain difficult and a significant upturn in trade is not expected before the autumn of 1982. Even so, the usual seasonal upturn this autumn is still anticipated.

The first-half figures for the current year are expected to be poor. He says the group maintains a strong balance sheet and is well placed to take quick and full advantage of any improvement in its market.

There was a tax credit of £773,994, against a charge of £892,727, which includes release of deferred tax of £914,000 in respect of stock relief no longer required. The net cost incurred by rationalisation accounted for £795,689 (nil) and shown as an extraordinary item.

Stated earnings per 10p share improved by 1.5p to 13.9p.

● comment

Christie-Tyler has ended the year on a rather better footing than the market anticipated. The shares rose 4p to 49p—still yielding a handsome 12.6 per cent—on news the group had returned to the black. While the company's performance compares favourably with the sector, shareholders' enthusiasm should be tempered by the thought the results were the worst since the company went public in 1972. Income gearing has soared to 47 per cent from 8.7 per cent. The company says a full recovery before 1982 is unlikely, although the current order book is 20 per cent up on last year's admittedly low level. The interim outlook remains uncertain with the company merely hopeful of staying in the black.

Scapa well placed to expand in current year

The uncertainties of last year still exist but **Scapa Group** textile manufacturer, is better placed to profit from opportunities in the current year, Mr T. J. Manners tells holders in his annual statement.

He reports that buoyancy experienced in North America last year has continued into this. There is little sign of recovery so far in the European countries that were in recession but moves to increase the productivity of UK operations should lead to greater competitiveness in both domestic and overseas markets.

Other overseas companies, particularly those in India and Australia, continue to produce good results, he adds.

Last December £4.2m was raised by way of rights and Mr Manners says the group is now in a strong financial position to take advantage of opportunities for expansion in its field of activity. Despite the rights, overall borrowings during the year to March 31 1981 were only reduced from £17.6m to £17.3m, largely as a result of substantial expenditure on new plant and machinery at Kern Rubber.

As already reported pre-tax profits for the 12 months to March 31 1981 expanded from £8.29m to £9.28m on turnover ahead from £78.68m to £83.6m.

The balance sheet shows shareholders' funds up from £37.71m to £43.77m. Fixed assets rose from £26.73m to £31.73m and net current assets were up from £24.1m to £27.05m.

A statement of source and application of funds discloses that working capital increased by £1.66m (£216,000 decrease). Meeting, Blackburn, on August 7 at 11.30 am.

Over £0.9m for Graig Shipping

A SLIDE in second half taxable earnings left the full-time advance by **Graig Shipping** at almost £100,000 for a total of £932,738 for the year to March 31, 1981. Midway the surplus had jumped from £271,669 to £651,224.

At the trading levels profit for the year was up from £1.46m to £1.6m before depreciation of £669,102 against £618,929.

A net final dividend of 15p maintains the total at 25p. Last time a special payment of 10p was included.

After a tax credit of £273,349 (£380,766 debit) attributable profit emerged at £1.21m (£456,114).

The group's vessels are engaged in world-wide bulk cargo trade. It also has interest in property, travel agencies and oil and gas exploration.

Symonds second half deficit

SECOND HALF losses and a cut in total dividend are reported by **Symonds Engineering** for the year to March 31 1981.

After slipping from £101,022 to £85,865 at midway, pre-tax profits for the 12 months show a £183,661 slump from £207,670 to £24,009 for the 12 months.

There was a tax credit this time of £100,530 (£116,360 charge), leaving the net balance ahead from £91,310 to £124,539 and earnings per 5p share up from 0.887p to 1.219p. The final dividend however is 0.0775p net, cutting the total payment from 0.785p to 0.3p.

Turnover of this "close" company, which operates as a precision engineer, sheet metal worker and jig and tool manufacturer, advanced marginally from £2.53m to £2.7m for the 12 months.

Globe Inv. pays 7.5p

PRE-TAX earnings of **Globe Investment Trust**, an Electra House company, came out at £20.17m for the year ended March 31 1981, compared with £20.93m last time which included at least £2m exceptional and non-recurring dividends.

Gross revenue of investment trust companies amounted to £22.3m (£23.57m) while turnover of the other companies expanded from £12.93m to £23.25m.

The dividend is stepped up to 7.5p with a final payment of 3.95p (3.7p)—last year's total of 7.25p included a special of 0.8p.

After tax of £6.8m against £7m, basic earnings per 25p share are shown as 7.784p (7.935p) and 7.679p (7.873p) fully diluted.

SPAIN

July 15	Price %	+ or −
Banco Bilbao	322	
Banco Central	357	−3
Banco Exterior	350	
Banco Hispano	298	
Banco Ind. Cat.	121	
Banco Santander	357	
Banco Urquijo	225	
Banco Vizcaya	349	
Banco Zaragoza	236	
Dragados	205	+5
Espanola Zinc	55	
Fecsa	65.5	−0.5
Gal. Preciados	47.5	−2.5
Hidrola	73	+0.5
Iberduero	59.5	−1
Petroleos	118	+2.8
Petroliber	92	−2
Sogefisa	59	
Telefonica	76	−2
Union Elect.	70	+1.5

BIDS AND DEALS

Churchbury in reverse offer for Law Land

BY MICHAEL CASSELL

Churchbury Estates yesterday launched a reverse takeover bid for Law Land and said the approach was backed by nearly 40 per cent of the shares.

Sir Henry Warner, chairman of Law Land, dismissed the bid as "unacceptable" and repeated earlier forecasts that profits should rise sufficiently in 1981 to enable an increase in dividend payments.

News of the Churchbury approach pushed up Law Land shares by 19p to 118p, indicating a market capitalisation of just over £44m, roughly in line with the terms offered by Churchbury.

Shares in Churchbury rose 40p to 720p, placing a market value of £11½m on the company.

The bid values Law Land shares at 116p against a net asset value — estimated by directors after the recent valuation—of 132p fully diluted.

Churchbury, headed by Mr Oliver Marriott, already holds nearly 9 per cent of Law Land's capital, and is offering 10 new ordinary shares for every 62 in Law Land. There is also a one-for-one preference share offer.

Mr Marriott said yesterday that four major institutional shareholders in Law Land—including Royal Insurance—which between them hold a near-12 per cent stake in the company have given irrevocable undertakings to accept the Churchbury offer.

At the same time, M and G Investment, which manages funds owning just under 3 per cent of Law Land's capital, has stated its intention to accept while further shareholders, accounting for about 16 per cent of the equity, have indicated their support.

Churchbury says that, if it wins control of Law Land, it will appoint a new chief executive to the company, who will also sit on the Churchbury board. His identity will only be disclosed if the offer — which closes on August 5—succeeds and he will be responsible for instituting a major programme of property sales aimed at restoring Law Land's "disappointing performance" over the last ten years.

The company will also "critically examine" loss-making investments in Belgium and Australia and says that there will be a reappraisal of staffing levels.

Proceeds from the sale of properties, which are spread throughout the UK, will be expected to realise cash and management resources that can be focused on properties showing greatest growth potential. Short-term debt will also be reduced.

LMS bid for Cambridge 'in no way predatory'

Lord Rayne, chairman of London Merchant Securities, the property, oil and gas exploration group fighting for control of Cambridge Petroleum Royalties in a £17.5m bid, has told the shareholders of the oil and gas royalty company that the bid "was in no way predatory."

In an offer document sent to CPR shareholders yesterday, Lord Rayne says: "Discussions between directors of the respective boards were embarked upon with a view to Cambridge acquiring certain of the LMS energy holdings, on the basis of an independent valuation in exchange for Cambridge shares."

It was contemplated that an agreed value would be attributed to the Cambridge shares; that LMS would make a cash offer at the agreed price for such shares in Cambridge shareholders might wish to sell; and that in due course, further liquidity would be generated by a rights issue offer to Cambridge shareholders which would be fully underwritten by LMS. "The resultant enlarged and reinforced Cambridge company would be exceptionally well placed for dynamic expansion internationally in the energy field."

Lord Rayne says that in addition to the strong asset, liquidity and corporate resources which the LMS involvement would contribute, there were indications that other important investors would also be interested in providing valuable support.

However, despite encouraging exploratory discussions between representatives of LMS and Cambridge, further communications failed to develop the concept.

He added: "The subsequent purchase by LMS of Cambridge shares which increased its holding to 5.45 per cent," of the issued capital "precipitated a unilateral announcement by the Cambridge board rejecting the LMS approach."

He concludes: "The object of this offer is to ensure that you do have an opportunity of considering the merits of the LMS proposal and, if you so choose of accepting a cash offer for all —or part—of your shareholding."

J. Henry Schroder Wagg, advisers to LMS, stressed yesterday that the offer is conditional only on it gaining more than 50 per cent acceptances. "We are happy for existing shareholders to sell half their present holdings."

Starwest not bidding for Braby Leslie

Starwest Investment had "no intention" of making a bid for the rest of Braby Leslie, the civil and mechanical engineering group, Mr Remo Dipre, Starwest's chairman said yesterday. He told a meeting with the management of Braby Leslie that his private investment holding company had purchased its 14.48 per cent holding in Braby this week as an investment, although it might buy further shares in due course.

Starwest first acquired an 11.5 per cent holding in Braby from Industrial and Commercial Finance Corporation on Tuesday at just under 55p a share, valuing the company at £5.6m. It subsequently purchased a further 3 per cent, while ICFC retained 5 per cent.

The shares closed at 52p, up 4p, last night, after rising from 44p on Tuesday when the original share sale was announced.

Collins battle continues

In a final flurry of paper before the bid by News International for William Collins closes tomorrow, both parties in the hotly contested battle have sent out further letters to shareholders repeating their positions.

Mr Rupert Murdoch, chairman of News, which is bidding £25m for Collins, says the offer is generous and "an orderly and speedy completion of transfer of full ownership" is in both Collins' and shareholders' interests. He urges Collins holders to accept the News offer.

Mr Murdoch says that the reluctance of the Collins directors "to recognise the very real commercial benefits of merger surprises me." Collins depends on foreign markets "where we are well placed to assist their efforts."

He says the market value for the ordinary voting offer used by Collins in a recent circular "is quite unrepresentative of the recent prices and reflects the activity of an aggressive unknown buyer which pushed the price up." Mr Murdoch warns holders that if the offers are not successful "the price could drop substantially."

Mr Ian Chapman, chairman of Collins, again strongly urges shareholders to reject the bid. He says that Collins has "an excellent future" as an independent company. "Authors, customers, employees and trade unions are all opposed to the loss of Collins' independence," he adds.

He says that the News offer for the ordinary shares is less than the current market price and it does not recognise the true value of Collins' assets and their future earnings capacity.

● IAN RGDGER LOOKS AT A £26m CONTESTED BID

NEI's battle for power

LESS THAN two months after raising a net £28.8m in a rights issue, Northern Engineering Industries is back on the acquisition trail with a £26.5m contested bid for Amalgamated Power Engineering.

Northern has been an aggressive bidder ever since it was formed in September 1977 by the merger of the heavy electrical and mechanical engineering groups, Reyrolle Parsons and Clarke Chapman.

Within a month of the merger, Northern was offering £9.6m in cash and shares for International Combustion (Holdings), a maker of pneumatic and hydraulic control valves.

The idea behind the creation of Northern was that the enlarged group would be better placed to pick up large capital contracts in its basic businesses, and its first attempted acquisition was in pursuit of that strategy.

However, it soon became apparent that the recession in the power generation industry would persist and the company decided to diversify in an attempt to achieve earnings growth. Its declared strategy was to acquire so-called third and fourth legs in electronics and equipment for the mining industry.

In January 1978 it bought Baldwin and Francis, a privately owned motor control and switchgear company primarily serving the mining industry, for £8.35m, but then turned its attention exclusively to electronics.

In July, 1979, it bought Ferranti Packard Canada, which makes industrial electric transformers and electronic display play systems and in April, 1980, it acquired 80 per cent of Dallas-based International Power Corporation, which makes power generators for computers and other machines sensitive to surges of current, for $14.5m.

The biggest acquisition came last October when Northern bought a 90 per cent stake in the U.S. Extel Corporation, a manufacturer of teleprinters, for $35m.

Northern's profits last year, at £26m before tax, were scarcely higher than the £25.1m reported in 1977, but the company's basic businesses, particularly the Reyrolle switchgear division, have had a difficult time in the recession. The company said in its last annual report that both International Power and Ferranti-Packard exceeded profit forecasts made at the time of their acquisition.

At the time of the rights issue in May, Northern once again broadened its acquisition strategy, stating that the funds could be used for further expansion "in areas which present good growth prospects."

APE makes steam turbines, diesel engines, air and gas compressors and pumps, and the group's profits seem to be on the rising side of their cycle. Pre-tax profits plunged from £6.78m in 1978 to £1.55m in 1979 and then suddenly began to recover in the second half of last year after the interim dividend had been halved, resulting in £1.9m for the year.

Analysts' estimates for the current year range between £3.5m and £4m as the demand continues to grow, notably overseas, for APE's equipment. APE also had a rights issue last spring, raising £2.8m, and the chairman said at the time the order book was excellent.

Northern argues that the two companies' businesses are complementary, as shown by the fact that they already trade together. For example, Northern sometimes supplies APE with alternators to go with its diesel engine generating sets and APE supplies Northern with engines for its generator contracts.

"We think both businesses could benefit from being together," Mr M. H. Bower, director of corporate affairs at Northern, said. "There is a greater demand for more integrated products these days."

Mr H. A. Whittall, chairman of APE, concedes that there is some logic in the combination.

"If you believe in being big, there is a fit, but I prefer to be small, quick and nimble and our management is desperately keen to be independent.

"We think there is an advantage in being able to go and buy electric motors where we like."

APE shares are widely held, with institutions holding 54 per cent and only one, the Imperial Chemical Staff Pension Fund, having a declarable stake, 5.44 per cent. The shares have risen from a low last year of 47p to a high yesterday of 141p, up 32p following the announced bid.

APE has already undertaken to pay an 8.2 per cent higher dividend this year of 5p, but it would not be surprising if it also produced a buoyant profit forecast and a revaluation of assets to fend off the unwanted suitor.

But Mr Whittall does not expect to find any competitive suitors.

"Are there any white knights in our field?" he asked.

Prontaprint share placing

The directors of Prontaprint announce that 40 per cent of the existing capital has been placed equally between Atlantic Assets Trust and South Yorkshire County Council Pension Fund by Energy, Finance and General Trust and stockbrokers Stancliffe, Todd and Hodgson.

The majority of the shares placed were made available as a result of the retirement of founder director Mr Ken Clement.

Prontaprint simultaneously announced the year-end results to March 27 1981, with a turnover increase of 58 per cent to £1.19m and pre-tax profits up to £150,214—a rise of almost 120 per cent over the previous year.

With 130 print shops throughout the UK, the Prontaprint network of franchised outlets has a combined turnover in the region of £6m. Plans are on target to increase penetration in the London and southern areas during the next four months.

With headquarters in Darlington, Prontaprint chairman, Mr Edwin Thirlwell, is looking toward a minimum of 180 shops by the end of the financial year with a further increase in both sales and profits.

THF BUYS MORE SAVOY 'A' SHARES

Only weeks after its defeat in the bid battle for the Savoy Hotel group, Trusthouse Forte has quickly moved back into the stock market to acquire more shares in the company.

THF, which was left with 38.6 per cent of the Savoy's votes when its bitterly contested bid worth £7m lapsed on June 19, has acquired a further 358,000 of the low voting "A" shares in the company. This represents 1.29 per cent of that class and takes THF's total stake up to 64.41 per cent.

Under the Takeover Code rules THF cannot acquire more than 2 per cent of the equity of the Savoy in the 12 months from the date its offer lapsed.

LONRHO DENIES SUGGESTIONS OF LINK IN GERMANY

Lonrho, the international trading conglomerate, yesterday denied suggestions in Europe that it was seeking a stake in West Germany's largest publishing empire, Axel Springer.

"It is pure speculation," said Lonrho director, Mr Paul Spicer, yesterday. "We have no intention of making further acquisitions in Germany at the moment."

Lonrho recently took a 50 per cent stake in Kuehne and Nagel, one of the world's largest international transport groups which has strong German links. The Kuehne family have pledged the other half of the company to Lonrho as security for a DM 30m loan, which Lonrho is to provide to a family company.

DETAILS GIVEN OF CHLORIDE'S DEAL WITH HAGGIE

As part of the scheme of arrangement whereby the Chloride Group's 70 per cent-owned South African battery manufacturing subsidiary will become equally-owned by Chloride and the local industrial company Haggie, minority shareholders are to be offered 600 cents for each of their shares. It is proposed that this will be in the form of a capital repayment.

However, there is an option whereby non-resident shareholders can elect to take payment in the form of a 424 cents special dividend and 176 cents capital repayment.

This has been designed to allow Chloride Group to remit R3.8m—less 5 per cent non resident shareholder tax—of the R5.4m it will receive from the deal with Haggie, in commercial rands which are currently worth U.S.$1.1m. The remaining R1.6m due to Chloride Group will be remitted in financial rands, currently worth U.S. 81 cents.

Chloride SA has 4.5m shares in issue of which the parent holds 3.15m.

Haggie, which is a major supplier of wire ropes and engineering products to the mining industry and in which mining houses Anglo American and Gencor each have a 35 per cent interest, has been broadening its product base for some years through a programme of acquisitions. In 1981 it had a turnover of R262m and a pre-tax income of R46.6m

UK ECONOMIC INDICATC

ECONOMIC ACTIVITY—Indices of industrial production, facturing output (1975=100); engineering orders (1975= retail sales volume (1976=100), retail sales value (1976=1 registered unemployment (excluding school leavers) unfilled vacancies (000s). All seasonally adjusted.

	Indl. prod.	Mfg. output	Eng. order	Retail vol.	Retail value*	Unem-ployed	Va
1980							
1st qtr.	109.9	100.3	100	110.2	158.6	1,379	19.
2nd qtr.	106.6	97.1	98	109.2	164.3	1,498	159
3rd qtr.	103.4	93.5	84	108.9	170.3	1,699	120
4th qtr.	100.6	89.4	79	109.0	205.2	2,020	98
Nov	100.6	89.4	82	109.2	192.8	2,030	96
Dec	100.0	88.4	79	108.4	236.0	2,137	99
1981							
1st qtr.	99.1	88.2	98	112.7	174.4	2,304	100
2nd qtr.						2,507	89
Jan	98.7	88.0	91	114.0	177.6	2,228	104
Feb	99.4	88.6	93	112.9	170.1	2,304	98
March	99.2	87.9	110	111.4	175.3	2,381	97
April	98.8	88.1		111.4	181.6	2,452	94
May	98.0	87.2		110.6	177.1	2,515	92
June						2,553	82

OUTPUT—By market sector: consumer goods, investment goods, intermediate goods (materials and fuels); engineering output, metal manufacture, textiles, leather and clothing (1975=100); housing starts (000s, monthly average).

	Consumer goods	Invst goods	Intmd. goods	Eng. output	Metal mnfg.	Textile etc.	Housg. starts*
1980							
1st qtr.	104.5	101.8	123.6	99.4	57.3	92.1	13.3
2nd qtr.	98.0	97.5	123.3	94.0	94.2	85.8	15.2
3rd qtr.	97.0	96.0	117.2	91.9	76.6	82.2	12.5
4th qtr.	93.9	90.8	116.9	85.9	70.6	77.2	10.1
Oct	95.0	92.0	117.0	88.0	69.0	77.0	11.9
Nov	94.0	91.0	117.0	86.0	73.0	78.0	11.2
Dec	93.0	89.0	117.0	84.0	70.0	76.0	7.1
1981							
1st qtr.	93.6	86.6	117.0	82.6	76.4	78.2	10.6
Jan	93.0	87.0	116.0	83.0	74.0	77.0	
Feb	94.0	86.0	118.0	82.0	77.0	79.0	11.1
March	93.0	86.0	118.0	82.0	78.0	79.0	10.8
April	93.0	87.0	117.0	84.0	77.0	76.0	12.4
May	92.0	86.0	117.0	82.0	80.0	76.0	14.7

EXTERNAL TRADE—Indices of export and import volume (1975=100); visible balance; current balance (£m); oil balance (£m); terms of trade (1975=100); exchange reserves.

	Export volume	Import volume	Visible balance	Current balance	Oil balance	Terms trade	Resv. US$bn*
1980							
1st qtr.	133.0	126.9	−388	+ 54	− 95	101.0	24.87
2nd qtr.	126.2	126.2	−320	− 88	− 11	103.4	28.15
3rd qtr.	125.1	118.7	+616	+870	−157	105.5	28.08
4th qtr.	126.5	111.8	+1,269	+1,885	+222	105.6	27.90
Oct	124.5	106.3	+506	+711	+133	105.3	28.0
Nov	129.4	114.6	+410	+615	+ 54	105.6	28.1
Dec	125.7	114.5	+353	+559	+ 35	105.1	27.4
1981							
1st qtr.							28.3
Jan	123.9	101.3	+742	+1,042	+210	106.4	28.3
Feb	121.7	114.3	+314	+614	+231	105.1	28.
March							28.
April							28.
May							28.
June							25

FINANCIAL—Money supply M1 and sterling M3, bank advances in sterling to the private sector (three months' growth at annual rate); domestic credit expansion (£m); building societies' net inflow; HP, new credit; all seasonally adjusted. Minimum lending rate (end period).

	M1 %	M3 %	Bank advances %	DCE £m	BS inflow	HP lending
1980						
1st qtr.	− 4.0	7.2	21.9	+1,725	634	2,049
2nd qtr.	− 1.5	10.7	23.3	+3,472	697	1,964
3rd qtr.	11.8	36.1	45.2	+6,336	1,090	1,933
4th qtr.	8.8	20.1	11.2	+3,327	1,253	1,793
Nov	6.2	17.7	7.7	+ 971	285	559
Dec	16.1	20.9	7.0	+ 924	448	605
1981						
1st qtr.	6.4	8.6	12.4	+1,343	1,081	1,884
Jan	5.8	11.7	10.1	+ 345	446	620
Feb	13.1	7.8	12.9	+ 123	366	638
March	0.8	6.4	14.3	+ 875	269	626
April	25.3	13.4	3.9	+1,974	296	655
May	21.7	18.9	7.0	+1,064	436	608
June					371	

INFLATION—Indices of earnings (Jan 1976=100); materials and fuels, wholesale prices of manufactured products (1975=100); retail prices and food prices (1974=100); commodity index (July 1952=100); trade weighted value of sterling (1975=100).

	Earn-ings*	Basic matls.*	Whsale. mnfg.*	RPI*	Foods*	FT* comdty
1980						
1st qtr.	167.7	197.2	191.4	248.8	247.5	284.
2nd qtr.	178.9	201.3	199.0	263.2	255.9	267.
3rd qtr.	188.4	201.9	203.6	268.9	259.3	275.
4th qtr.	193.3	203.3	206.1	273.9	260.7	269.
Nov	192.6	203.4	206.2	274.1	260.0	270.5
Dec	197.3	205.1	206.7	275.6	262.7	262.5
1981						
1st qtr.	195.3	213.8	212.2	280.4	268.7	257.7
Jan	193.3	209.7	209.9	277.3	266.7	251.8
Feb	194.8	214.0	211.9	279.8	268.9	259.9
March	197.8	217.8	215.1	284.0	270.6	261.5
April	199.3	221.3	218.0	292.2	274.2	258.61
May	201.5	226.1	219.2	294.1	276.7	255.14
June		229.5	221.0			245.07

* Not seasonally adjusted

EUROPEAN OPTIONS EXCHANGE

Series		Aug. Vol.	Aug. Last	Nov. Vol.	Nov. Last	Feb. Vol.	Feb. Last	Stock
GOLD C	$400	—	—	2	42	—	—	$413
GOLD C	$425	—	—	—	—	5	41	"
GOLD C	$450	—	—	25	19	17	30.50 B	"
GOLD C	$475	—	—	11	13	—	—	"
GOLD C	$500	—	—	35	8	—	—	"
GOLD C	$525	60	0.60	30	5	—	—	"
GOLD C	$550	—	—	176	3	—	—	"
GOLD P	$400	—	—	38	15	18	20 A	"
GOLD P	$425	10	24	3	27 A	—	—	"
GOLD P	$450	—	—	5	40	10	40	"
		July		Oct.		Jan.		
AKZO C	F.17.50	32	6.80	—	—	—	—	F.24.50
AKZO C	F.20	64	4.60	20	5.60	—	—	"
AKZO C	F.22.50	111	1.90	—	—	20	4.50	"
AKZO C	F.25	32	0.10	53	1.70	—	—	"
AKZO C	F.27.50	—	—	21	0.90	17	1.40	"
AKZO P	F.22.50	—	—	20	0.80	—	—	"
AKZO P	F.25	85	0.80	66	1.50	16	1.60	"
AKZO P	F27.50	—	—	15	3.50	15	3.50	"
AMRO C	F.55	—	—	27	1.50	—	—	F.52.10
HEIN P	F.50	—	—	15	2.40	—	—	F.49.70
HOOG C	F.15	30	2.70	—	—	—	—	F.17.70
HOOG C	F.17.50	122	0.40	20	1.80	—	—	"
HOOG C	F.20	—	—	30	1.20	—	—	"
KLM C	F.90	24	9 B	35	15.10 B	—	—	F.98.80
KLM C	F.100	120	1.80	32	12.50	—	—	"
KLM C	F.110	97	0.30	107	7.90	35	12.50	"
KLM C	F.120	—	—	69	5.50	17	9 B	"
KLM C	F.130	—	—	193	3.30	—	—	"
KLM C	F.140	—	—	63	2.20	45	4.20	"
KLM C	F.150	—	—	31	1.50	—	—	"
KLM P	F.70	—	—	125	1.40	—	—	"
KLM P	F.80	—	—	188	3.50	—	—	"
KLM P	F.90	110	0.20	175	5.50	—	—	"
KLM P	F.100	408	2.50	123	8.10	—	—	"
KLM P	F.110	104	12	35	14.70	—	—	"
KLM P	F.120	86	22	—	—	—	—	"
NATN C	F.150	—	—	80	1	—	—	F.111
NATN P	F.110	50	0.40	—	—	—	—	"
PHIL C	F.17.50	379	4.30	—	—	—	—	F.21.80
PHIL C	F.20	130	1.80	—	—	—	—	"
PHIL C	F.22.50	—	—	564	1.60	240	2.50	"
PHIL C	F.25	—	—	249	0.80	49	1.70	"
PHIL C	F.27.50	—	—	57	0.40	120	0.80	"
PHIL P	F.20	—	—	73	0.50	65	0.70 A	"
PHIL P	F.22.50	—	—	90	1.40	—	—	"
PHIL P	F.25	—	—	56	3.30	—	—	"
RD C	F.80	18	12.30	67	15.50	—	—	F.92.20
RD C	F.90	831	2.50 B	314	6.50 B	17	7.80 B	"
RD C	F.95	316	0.40	—	—	—	—	"
RD C	F.100	—	—	165	2.50	34	3.80	"
RD C	F.110	—	—	35	0.70	—	—	"
RD P	F.80	—	—	77	1.50	—	—	"
RD P	F.90	316	0.30	53	4.50	—	—	"
RD P	F.100	22	8	—	—	—	—	"

TOTAL VOLUME IN CONTRACTS 7960

A=Asked B=Bid C=Call P=Put

LONDON TRADED OPTIONS

July 15 Total Contracts 2032. Calls 1,837, Puts 195

Option	Ex'rcise price	July Closing offer	July Vol.	Oct. Closing offer	Oct. Vol.	Jan. Closing offer	Jan. Vol.	Equity close
BP (c)	280	26	9	42	7	52	50	304p
BP (c)	300	7	25	28	233	42	117	"
BP (c)	320	1¼	106	15	91	29	24	"
BP (c)	350	¼	—	7	11	17	15	"
BP (c)	410	¼	—	2	—	6	30	"
BP (c)	490	¼	8	—	—	—	—	"
BP (p)	280	1	—	8	3	11	—	"
BP (p)	300	6	4	16	4	19	11	"
BP (p)	350	48	—	50	—	52	10	"
BP (p)	410	108	—	108	—	110	8	"
CU (c)	140	45	—	53	—	57	2	184p
CU (c)	160	25	26	36	7	41	5	"
CU (c)	180	8	—	21	158	26	2	"
Cons. Gld (c)	420	35	—	55	4	68	4	453p
Cons. Gld (c)	460	5	—	35	25	45	2	"
Cons. Gld (c)	500	1	—	16	30	33	2	"
Court'lds (c)	50	15	1	20	1	—	—	65p
Court'lds (c)	60	5	5	10½	12	15½	—	"
Court'lds (c)	70	½	—	5	—	9½	6	"
Court'lds (c)	80	¼	—	1½	6	5	—	"
GEC (c)	650	92	—	110	—	133	10	741p
GEC (c)	700	42	1	67	—	93	—	"
GEC (c)	750	6	—	37	—	62	1	"
Gr'd Met. (c)	160	51	5	53	—	—	—	210p
Gr'd Met. (c)	200	11	—	22	8	29	—	"
Gr'd Met. (c)	220	1	—	9½	7	16	—	"
ICI (c)	260	14	—	28	1	38	—	270p
ICI (c)	280	1	—	19	5	28	—	"
ICI (c)	300	1	—	11	—	19	4	"
ICI (c)	330	½	—	4	10	11	3	"
Land Sec. (c)	312	34	1	47	—	56	11	345p
Land Sec. (c)	336	11	74	28	24	37	—	"
Mks & Sp (c)	100	33	1	—	—	—	—	133p
Mks & Sp (c)	110	23	1	28	45	—	—	"
Mks & Sp (c)	120	13	1	19½	—	26	—	"
Mks & Sp (c)	130	3½	216	11	32	17½	6	"
Mks & Sp (c)	140	1½	—	6	23	11½	—	"
Shell (c)	330	48	—	56	—	66	10	376p
Shell (c)	360	18	14	32	2	45	2	"
Shell (c)	390	2	—	17	20	30	—	"
Shell (c)	420	1	—	7	2	16	—	"
Shell (p)	330	1	60	6	—	12	1	"
		August		November		February		
Barclays (c)	390	62	2	68	—	83	—	445p
Barclays (c)	420	34	54	45	—	60	—	"
Barclays (c)	460	9	35	27	6	38	—	"
Imperial (c)	60	5½	—	6½	2	9	1	62p
Imperial (c)	70	1	—	3	8	5	—	"
Lasmo (c)	550	22	1	52	3	75	—	534p
Lasmo (c)	600	7	—	32	3	52	—	"
Lasmo (c)	650	2	—	20	10	—	—	"
Lonrho (c)	100	1½	—	4	—	6	47	91p
Lonrho (c)	90	4	—	6	40	8	—	"
P & O (c)	110	15	10	18½	—	20½	—	180p
P & O (c)	120	5½	2	11½	—	15	2	"
P & O (c)	130	1	—	6½	5	9½	10	"
Racal (c)	390	31	2	52	—	67	—	417p
Racal (p)	390	4	54	10	—	14	—	"
RTZ (c)	500	40	—	63	1	82	—	525p
RTZ (c)	550	15	4	40	—	55	—	"

C=Call P=Put

M. J. H. Nightingale & Co. Limited

27/28 Lovat Lane London EC3R 8EB Telephone 01-621 1212

1980-81 High	Low	Company	Last price	Change	Gross div.(p)	Yield %	P/E Actual	P/E Fully taxed
109	100	ABI Hldgs. 10pc CULS	108	—	10.0	9.3	—	—
76	39	Airsprung	66	—	4.7	7.1	10.5	14.5
52	21	Armitage and Rhodes	47	—	1.4	3.0	19.3	44.8
200	92½	Bardon Hill	198	—	9.7	4.9	8.6	11.7
104	88	Deborah Services	100	—	5.5	5.5	5.0	9.4
126	88	Frank Horsell	98xd	—	6.4	6.5	8.8	21.3
110	39	Frederick Parker	65xd	—	1.7	2.6	28.3	—
110	64	George Blair	64	—	3.1	4.8	—	—
113	59	Jackson Group	112	—	7.0	6.3	3.5	7.9
130	103	James Burrough	129	—	8.7	6.7	9.4	11.8
334	244	Robert Jenkins	314	—	31.3	10.0	—	—
59	50	Scruttons "A"	59	—	5.3	9.0	9.1	8.4
224	194	Torday	194	—	15.1	7.8	7.5	12.8
23	8	Twinlock Ord.	15	—	—	—	—	—
90	68	Twinlock 15pc ULS	78	—	15.0	19.2	—	—
56	35	Unilock Holdings	40	—	3.0	7.5	6.2	9.8
103	81	Walter Alexander	100	—	5.7	5.7	5.5	8.8
263	181	W. S. Yeates	246	—	13.1	5.3	4.7	9.5

THE TRING HALL U.S.M. INDEX

122.1 (−0.9)

at close of business 15/7/81

BASE DATE 10/11/80 100

Tel: 01-248 5675

CORAL INDEX

Close 532-537 (+4)

OIL INDEX

October Refined $42.00

January Refined $45.35

Anderson Strathclyde Limited

SUMMARY OF RESULTS

Year ended 31st March	1981	1980
	£000	£000
Turnover	84,229	72,298
Profit before tax	6,326	5,868
Proposed dividend per share	4p	4p
Earnings per share	10.4p	11.4p

Profit before tax is after charging exceptional expenditure of £840,000 relating to redundancies.

Extracts from the Statement by the Chairman, Sir Monty Finniston, F.R.S.

"In spite of the difficult situation the Company responded well to opportunities which arose late in the year for additional sales to be made on short delivery lead times.

During the past year increased investment took place not only in terms of building and plant but in the heaviest programme of product development which we have ever undertaken. This programme is being maintained in the current year and will, we believe, make a vital contribution to our future success.

In the UK, the economic situation remains depressed and there has been no change in the low level of ordering by the National Coal Board.

We are confident that our overseas sales will continue to grow."

Anderson Strathclyde Ltd, 47 Broad Street, Glasgow G40 2QW

The Union Discount Company of London, p.l.c.

The Directors have declared an interim dividend of 9p per £1 Unit of Stock on account of the year ending 31st December, 1981. (1980–9p). This interim dividend will be paid on 1st September, 1981 to Stockholders whose names are on the Register at the close of business on 10th August, 1981.

The profit for the half year ended 30th June, 1981 was somewhat less than that for the same period last year when unusual conditions prevailed in the money markets prior to the ending of the supplementary special deposit arrangements. The profit has, however, been significantly greater than that for the second six months of 1980.

Apart from its holding of variable rate British Government Securities the Company now has a short book of money market instruments. Its view of the market is likely to remain cautious while the new arrangements for monetary control are being introduced.

The Union Discount Company of London, p.l.c.

London: 39 Cornhill, London EC3V 3NU. Tel: 01-623 1020
Edinburgh: 13 Charlotte Square; Edinburgh EH2 4DJ. Tel: 031-226 3535

MINING NEWS

Gold profits to fall at Anglo

BY GEORGE MILLING-STANLEY

GOLD CAN no longer be regarded as a stabilising factor in the business of Anglo American Corporation of South Africa, according to Mr Harry Oppenheimer, chairman, in his annual statement.

The metal accounted for 46 per cent of the group's investment income of R565.8m (£331m) in 1980 as a result of the higher average price which prevailed during the year, but Mr Oppenheimer pointed out that "the great advantage we derived from the higher price is now associated with volatility depending on many unforeseen and uncontrollable factors, economic and political."

Gold profits for the current year will obviously feel the effect of the present lower price level, he added. Other parts of the business may also be affected.

Mr Oppenheimer's pessimism on the current outlook was tempered by his belief that there will be a new phase of "moderate but sustained" recovery in the price when U.S. interest rates recede, "as they inevitably must," from their present levels, and the beginning of the next phase of economic growth in the western world is perceived.

There were, he added, some encouraging features in the early months of this year, when the lower price led to some recovery in demand from jewellery manufacturers, which he believes could go further.

In the now-customary reference to the problems caused by the shortage of skilled labour in South Africa, Mr Oppenheimer said this was beginning to affect production, "particularly on the more isolated mines."

The statement referred to the current problems of the uranium market, mentioned in last year's remarks, where expansions in capacity are meeting reduced demand. Mr Oppenheimer believes it will be some years yet before the balance between supply and demand is restored.

Turning to diamonds, another major source of Anglo's income through the interest in De Beers Consolidated Mines, Mr Oppenheimer said that retailers would have to replenish their stocks before too long, and this would bring about a regeneration of activity in the cutting centres.

On the brighter side, Mr Oppenheimer mentioned a recent government study, which forecasts that domestic demand for coal, amounting to about 85m tonnes last year, will treble by the year 2000, and almost treble again by 2020 to 740m tonnes a year.

This illustrates the growth potential for the South African industry as a whole, and Anglo American Coal, the country's biggest producer, can play a leading part, he said.

Anglo American shares dipped 5p to 660p in London yesterday ahead of the release of the statement.

Brazil gold output to rise

BRAZIL COULD be producing about 100 tonnes of gold a year by 1985, according to officials of that country's Ministry of Mines and Energy. This contrasts with earlier official estimates that output could leap to 300 tonnes a year by the middle of the decade, which the gold mining industry in general regards as over optimistic.

Last year, Brazil ranked as the fifth largest gold producer in the western world, with output of about 35 tonnes.

This year's official production is expected to be between 25 and 30 tonnes, with something like another 25 tonnes being produced illegally, the officials said. Much of this illicit production is then smuggled out of the country.

Around four-fifths of Brazil's output in five years' time would come from prospectors operating individually or in small groups on easily-worked surface deposits spread around the country, particularly in the Amazon jungle and the northern state of Para.

The remainder would come from mines already in operation or soon to be developed. These mines are in the traditional gold mining areas of Minas Gerais and the north-eastern states of Bahia and Maranhao.

Brazil's output has been rising rapidly in recent years, with last year's figure about three times the level of the mid-1970s.

The individual prospectors, or "garimpeiros," responsible for the bulk of production are mainly peasants and agricultural workers. They sell their gold to the government at a fixed price, apart from that which is smuggled out and sold at higher prices.

Strike spreads at Lonrho gold mine

A STRIKE at Lonrho's Mazoe gold mine in Zimbabwe has spread to the whole of the workforce, bringing production to a standstill. A further 500 workers have downed tools, joining 300 of their colleagues who walked out on Monday.

The mine, 25 miles north of the capital Salisbury, is part of the Lonrho subsidiary Coronation Syndicate, and produced 16,847 ounces of gold in the 12 months to end-September 1980.

Lonrho said the strike had been called over a "whole lot of minor issues," with no single specific grievance.

Better news on the labour front came from the Konkola division of Zambia's state-controlled copper and cobalt producing Nchanga Consolidated Copper Mines, where work returned to normal after an eight-day wildcat strike over food supplies.

Konkola accounts for about 10 per cent of NCCM's annual copper output of some 360,000 tonnes.

More good news came from Western Australia's Mount Newman iron ore mine, where 350 maintenance workers have voted to return to work. Operations were expected to return to normal with yesterday's afternoon shift.

Mount Newman, which has a long history of labour troubles, is a joint venture between Amax of the U.S., Australia's CSR and Broken Hill Proprietary, Selection Trust of the UK and Japan's Mitsui-C. Itoh.

Daejan better than expected

AN UPTURN in the second six months was insufficient for Daejan Holdings to fully recover from the decline at midway. Even so this property investment company finished the year to March 31 1981 with taxable profit, ahead of the midway forecast, at £3.83m against £4.19m.

Total revenue was marginally down at £10.41m (£10.54m) with £5.23m (£4.8m) from rents and charges, less property outgoings, a £5.05m (£5.47m) surplus on property sales, and £137,000 (£270,000) other income.

Financing and other costs took £6.58m (£6.35m).

At halftime, when profit slid from £2.93m to £1.95m, the company had expected the total for the year to be about £3.5m.

Fulltime stated earnings per 25p share were 16.59p (17.02p) from which is being paid an increased final dividend of 2.625p making 3.85p (3.5p) net total.

Available profit emerged at £2.69m (£2.73m) after tax of £1.09m (£1.4m), minorities, extraordinary items and a smaller transfer to capital reserve. The retained balance was little changed at £2.06m (£2.16m).

ISSUE NEWS

Industrial Precision is coming to the market

Industrial Precision Casting is coming to the market operated by M. J. H. Nightingale with an offering of 2,436,876 shares of 10p each at 93p per share. Industrial Precision was started by two redundant GKN Kent Alloys managers who put together their redundancy pay and, with a colleague, bought up their closed GKN Kent factory. If the offer is taken up, the founders will net £755,000 each.

Industrial Precision manufactures and markets high precision light alloy castings, mainly for the aerospace and defence industries. The company has recorded steady pre-tax profits growth from £32,000 on sales of £128,000 in 1975 to £740,000 in the latest financial year on sales of £3.6m. The company predicts profits for the current year will top £800,000.

Mr Frank Whitington, joint chairman, said the co-founders were selling 60 per cent of the shares in order to put a value on the company as they are now passing on the management of Industrial Precision to a younger team. He said the over-the-counter market would preserve the integrity of the company by preventing a rapid turnover in the shares dealt. Nightingale's market only sells to institutions.

The company was started in 1974 when GKN Kent closed some of its investment casting foundries, making Mr Whittington and another manager, Mr William Watts, redundant.

"They were more interested in selling to the auto industry," said Mr Whitington, "while we thought there was good business in the aerospace and electrical fields."

Along with another colleague in the industry, they bought a GKN investment foundry plant with an initial investment of £10,000 each and recruited some of GKN Kent's senior people.

Investment casting accounts for about 70 per cent of Industrial's production and employs the "lost wax" process, which has only recently become viable for high precision components. This process has allowed it to be price competitive with the traditional machining process. Overall, orders from British Aerospace accounts for about 50 per cent of sales. It supplies components for such projects as the Airbus, Tornado and BAe 146.

The company will be expanding capacity this year with a move to a larger factory. This move, plus a slow-down in its trading activities will account for the relatively modest profits improvement predicted for this year. Based on the placing price the company's market capitalisation will be £3.8m. The prospective yield on a forecast dividend of 7.31p, is 7.9 per cent. The prospective p/e is 9.8 and net assets per share are 20.6p.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals and the subdivisions shown below are based mainly on last year's timetable.

TODAY

Interims: Child Health Research Investment Trust, Dewhurst and Partner, Eurotherm International, Gestetner, Glasgow Stockholders Trust.

Finals: Allnatt London Properties, Allied Colloids, Arbuthnot Sterling Fund, Atlantic Assets Trust, Bristol Evening Post, Distillers, Durapipe International, G. M. Firth (Metals), Great Universal Stores, Philip Harris, Haslemere Estates, Hollis Bros. and E.S.A., Howden Group, London and Midland Industrials, Rothmans International, Trustees Corporation, Unigate.

Finals—

Aero Needles	July 21
Davy Corporation	July 23
Ellis and Everard	July 27
Gelfer (A. and J.)	Aug. 20
Ransom (William)	July 23

E. Surrey Water £3m offer

THE East Surrey Water Company is offering for sale by tender £3m in 10 per cent redeemable preference stock.

The stock carries a coupon of 10 per cent and at the minimum tender price of £100 per cent the conventional gross yield is 14.28 per cent, or 20.83 per cent for those liable for corporation tax.

The stock is redeemable at par on August 31, 1986. It is denominated in multiples of £100 and applications, accompanied by a deposit of £10 per cent must be received before 11 am on July 22.

The first dividend, amounting to £0.8931 net, will be payable on September 26, and dividends will thereafter be paid half-yearly on March 26 and September 26.

Brokers to the issue are Seymour Pierce and Co.

● COMMENT

The £3m Mid Kent issue squeaked home two weeks ago with average tenders only fractionally above the £97 minimum, even though the yield offered for fully franked investment income was more than five points above the similar dated gilts. On the new East Surrey issue, this differential has been widened to six points in an attempt to attract more institutional interest, but the current instability of interest rates means that it could easily be eroded by the time tenders are due next Wednesday.

£10m raised by Sapphire Pet.

Brokers Williams de Broe Hill Chaplin have offered 15m shares in Sapphire Petroleum to City institutions but have only attracted applications for 66.7 per cent of the total. Sapphire has allotted 10.01m shares of 50p each at £1 per share to raise £10m.

The group was incorporated last April and will use the proceeds to invest in a number of oil and gas exploration ventures in the U.S. Some 50 institutions have subscribed to the offer and both Gartmore Fund Managers and Sun Life are represented on Sapphire's board.

The Stock Exchange has granted permission for Sapphire's shares to be dealt but no dealings are expected for 18 months.

Pittencrieff Petroleum plans 1.45m share sale

PITTENCRIEFF PETROLEUM, a new oil and gas investment company, is offering for sale up to 1,449,898 ordinary £1 shares at par. It intends to use the funds to invest in limited partnerships with Benatty Corporation, an independent oil and gas producer based in Cambridge, Ohio.

Last month, 12 per cent of Benatty's shares, worth more than £800,000, were purchased by UK investors, including Edinburgh Investment Trust and the Scottish American Investment company.

The directors of Pittencrieff say they are attracted to Benatty's exploration activities in south-east Ohio, principally the Clinton Sands Formation where there has been a large increase in drilling since the deregulation of gas prices earlier this year. A full subscription of £1.5m would provide the funds for 15 oil and gas wells in the area.

Benatty Corporation was founded in 1972 by Mr Gerald Benson, who was born in Manchester. The chairman of Pittencrieff Petroleum is the Earl of Elgin and Kincardine. The shares are being offered by Scottish brokers Torrie, and Cooper.

The offer opens on July 21 and may close any time thereafter but not later than August 3.

AEROSPACE ENGINEERING

Aerospace Engineering has received 4,929 valid applications for a total of 29,854,500 shares in respect of its offer for sale of 1.6m ordinary shares of 25p each at 153p a share.

The basis of allotment for applications of 200 to 1,800 shares will be a weighted ballot for 200 shares; applications for 2,000 to 4,000 shares will receive 200 shares; applications for 4,500 shares and above will receive approximately 5½ per cent with a maximum of 20,000 shares.

Ladies Pride midway fall

Following a slight rise in the last annual profits, pre-tax surplus of Ladies Pride Outerwear ended the six months to May 31 1981 down from £580,369 to £350,625. Turnover was also behind at £3.78m, against £4.2m.

The directors anticipate that the current half will prove no better, although steps taken to counter the downward profit trend should produce results in 1982, given no further deterioration in the economic climate.

Profit for the 1979-80 year was £1.17m (£1.13m).

In February the directors said there had been a significant downturn in volume of sales of the group's dress range which would influence profitability for the first half.

They now say that all manufacturing units are intact and the company is in a position to take speedy advantage of any upturn in the state of the trade.

The interim dividend is maintained at 1.4p net per 20p share—last year's final was 2p—and earnings are given as 2.03p (3.44p).

Yearlings total £13m

Yearling bonds totalling £13.1m at 13¼ per cent redeemable on July 21 1982 have been issued this week by the following local authorities:

Kennet DC (£0.25m); Shepway DC (£0.5m); Wakefield (City of) Metropolitan DC (£0.5m); Ashfield DC (£0.5m); Carlisle (City of) (£0.5m); Doncaster Metropolitan BC (£1.35m); Greater London Council (£2.5m); Bristol (City of) (£1.5m); Merseyside CC (£0.5m); Merseyside Passenger Transport Executive (£0.5m); Preston BC (£0.5m); Sheffield (City of) (£1m); Stevenage BC (£1.5m); Stoke-on-Trent (City of) (£1.5m).

Rhymney Valley DC has issued £0.25m of 14¼ per cent bonds redeemable on July 11 1984.

Scapa Group

Extracts from the Statement by the Chairman, Mr. T. J. Manners.

A year of mixed trading conditions worldwide with many countries in recession but the Group performed well to produce a 12% increase in pre-tax profit.

Although U.K. turnover was down, exports rose by £1.4m to £17.7m.

North America continued its strong upward trend and other overseas companies produced an encouraging improvement in their results.

Extraordinary expenditure of £1.5m was incurred in rationalisation and reorganisation of manufacturing facilities in the U.K.

Uncertainties expressed last year still exist but the Group is better placed to profit from the opportunities that occur.

Results	1981	1980
	£'000	£'000
Sales	83,613	78,682
Profit before interest	11,511	10,301
Profit before tax	9,282	8,293
Profit after tax	4,814	4,432
Dividends	1,946	1,746
Earnings per share	16.4p	15.9p
Dividends per share	6.55p	6.55p

Scapa Group Limited
Oakfield House,
52 Preston New Road,
Blackburn BB2 6AH.

Manufacturers of paper machine clothing and other specialised industrial textiles.

Copies of the Report and Accounts containing the Chairman's Statement in full can be obtained from the Secretary.

South Africa ripe for change

Points from the statement by the chairman of Anglo American Corporation of South Africa, Mr. H. F. Oppenheimer.

Under the lead of gold virtually all sectors of our business prospered and the profit attributable to shareholders before accounting for our share of the retained profits of associated companies was R527 million, or 233.4 cents a share, an increase of 72% over the previous year.

Our gold profits for the current year will feel the effect of the present lower price level and some other parts of our business will no doubt be affected too.

Wages Policy

In Anglo American, in common with most responsible employers in the advanced sector of the economy, we aim to pay wages based on an objective system of valuing each class of job without any question of race or colour. It is also our policy that the minimum wage should so far as this is economically possible be at least as high as the "minimum living level" as determined by the University of South Africa. In some of our companies we have reached this standard, in others we are near it, in others still we have a considerable way to go.

Labour practices in this and other respects are now being audited at regular intervals in our companies, standards are being laid down and annual targets set which must take account of many factors, not least the financial situation of the enterprise concerned. It is further intended that companies should in future comment on these audits in their annual reports to shareholders.

Rural Development

The dual nature of the South African economy is to a considerable extent an expression of the dual nature of our educational system. Raising the standard of education cannot but be a long-term matter, but in the shorter term it is certainly possible and desirable to use the resources and skills not only of the government but also of the private sector to alleviate rural poverty, particularly in the homelands.

FINANCIAL SUMMARY

Year to March 31		1981	1980
Equity earnings			
Excluding share of retained profit of associated companies	– R millions	527.0	306.6
	– cents per share	233.4	136.1
Including share of retained profit of associated companies	– R millions	866.0	525.3
	– cents per share	383.6	233.1
Dividends	– R millions	248.3	157.7
	– cents per share	110	70
Net asset value	– cents per share	2,697	2,184

In Anglo American we have formed in conjunction with De Beers an investment holding company, Labour Intensive Industries Trust (LITET), with the aim of increasing job opportunities for blacks by initiating or expanding labour-intensive industries. Wages in these industries, which for the most part will be in rural areas, will be related to local market conditions and therefore lower than is normal in the advanced sector of the economy.

Economic growth and racial discrimination are in fundamental opposition to each other and economic growth is an essential element in building a peaceful and just society.

H. F. Oppenheimer

To date we have committed in excess of R2 million to the creation of more than a thousand jobs. Anglo American and De Beers do not seek to make money out of this enterprise and any profits that accrue will be reinvested to extend LITET's activities.

The value of LITET will be measured not only by its direct achievements but also by its success in encouraging increasing numbers of black people without previous experience in an industrial and commercial environment to enter business as entrepreneurs, technicians and traders, thus identifying themselves with the private enterprise system.

Education and Training

In my statement last year I discussed the urgent need for educational reform, and though some progress has been made since then the gap between black education and white remains the most serious obstacle to economic growth and better race relations in South Africa. The government has pledged itself to provide equal education and training for all race groups but the rate of advance is painfully slow and gross inequities persist.

The bias toward academic rather than technical education is a handicap to our entire economy and this bias is far more pronounced in the case of black schools than white. Moreover the improvement of facilities for black technical education suffers not only from inescapable difficulties in regard to finance but from the effects of racial prejudice – from which we could escape.

There is for example a surplus of places at well-equipped technical colleges and technikons for whites at a time when there is a critical shortage of such facilities for blacks. It is absurd to leave white institutions half empty and then proceed to build separate facilities for blacks. Not only is it unnecessarily expensive but it almost certainly means in practice that the facilities provided are not equal – which serves to strengthen the white unions' unwillingness to accept black apprentices from such colleges, on the ground that they are not equal in training standards to the white.

I am sure that the government sincerely intends to remedy these matters and I do not underestimate the difficulties. In order to succeed however an altogether more urgent, bolder approach is needed.

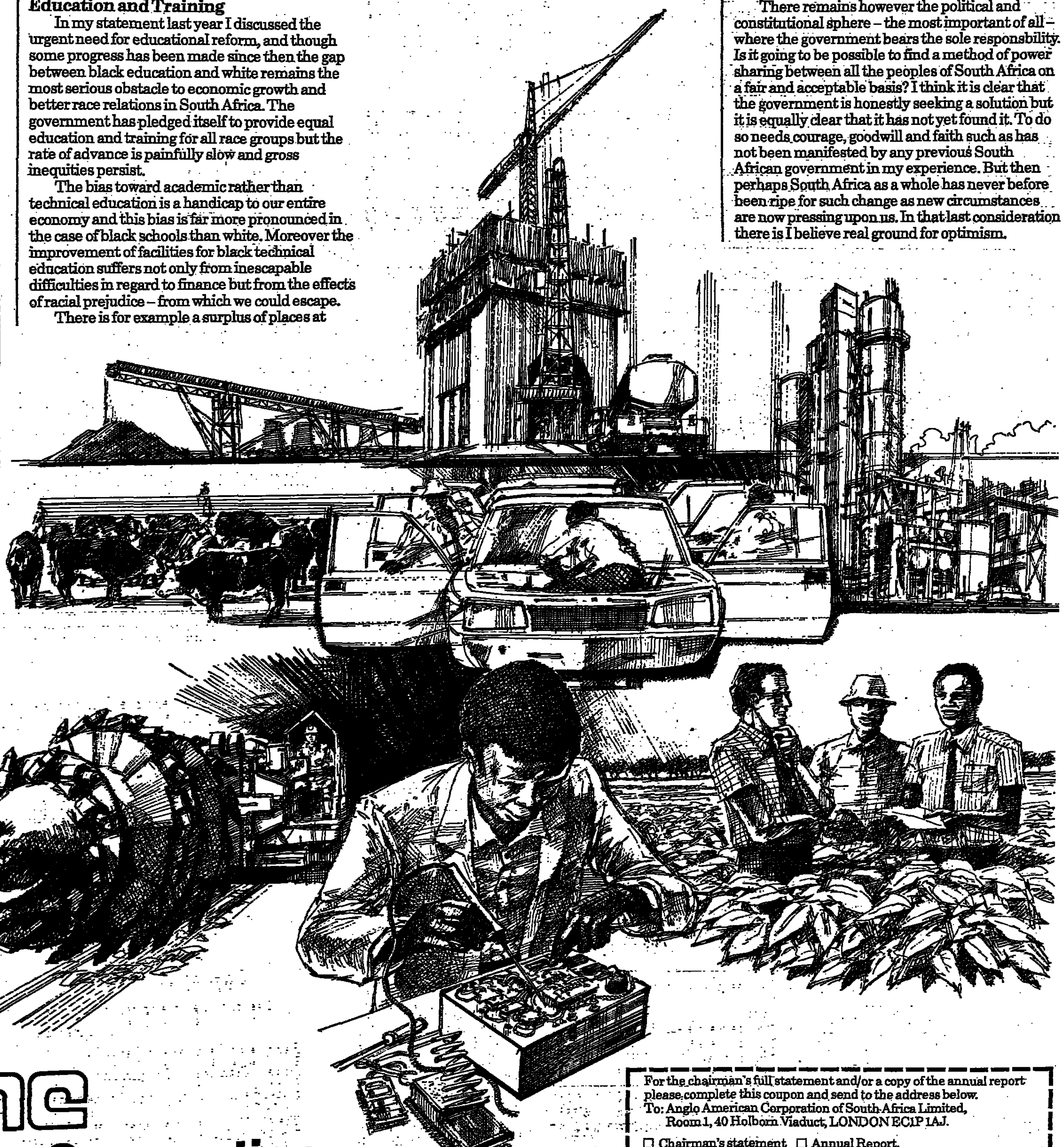
Political Developments

Now that the general election is behind us I feel reasonably confident that the government intends to continue with the programme of reform to which it has committed itself. If it does we shall be entering a period which offers much greater hope for the long-term future but which almost inevitably will be marked by greater turbulence in the short term.

Both the government and the private sector have committed themselves to remove discrimination from South African life and it seems to me that if they are wise each will move as rapidly as possible. Nothing is more dangerous than half-hearted reform. Nor should the government or industrialists expect either gratitude or praise from black politicans or workers for the changes they are seeking to bring about. On the contrary such advances are likely to be met by new demands, heightened unrest and the open expression of hostility which in the past it was thought prudent to conceal.

Economic growth and racial discrimination are in fundamental opposition to each other and economic growth is an essential element in building a peaceful and just society. In this regard the private sector has a major part to play.

There remains however the political and constitutional sphere – the most important of all – where the government bears the sole responsbility. Is it going to be possible to find a method of power sharing between all the peoples of South Africa on a fair and acceptable basis? I think it is clear that the government is honestly seeking a solution but it is equally clear that it has not yet found it. To do so needs courage, goodwill and faith such as has not been manifested by any previous South African government in my experience. But then perhaps South Africa as a whole has never before been ripe for such change as new circumstances are now pressing upon us. In that last consideration there is I believe real ground for optimism.



Anglo American Corporation of South Africa Limited

(Incorporated in the Republic of South Africa)

For the chairman's full statement and/or a copy of the annual report please complete this coupon and send to the address below.
To: Anglo American Corporation of South Africa Limited,
Room 1, 40 Holborn Viaduct, LONDON EC1P 1AJ.

☐ Chairman's statement ☐ Annual Report.

Name ______________________

Company ______________________

Address ______________________

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UK COMPANIES

Cawoods edges ahead full-time

A NEAR £0.5m advance in second half taxable profit enabled Cawoods Holdings to regain ground lost at midway. The group finished the year to March 31 1981 with the fulltime total slightly up from £13.4m to £13.52m on sales at £323m, against £310m.

Mr Edward Binks, the chairman, says that a decline in oil distribution profit was made up for by an increase from solid fuel, leaving the total contribution from fuel distribution only slightly down at £6.3m (£6.49m). In addition the company's recent investment in leasing operations, showed a surplus of £1.05m (£10,000).

Mr Binks says that, though there are no signs of improvement in the economy, £7m in cash gives the group a strong liquid position. This together with a sound management team will enable the group to give a "*good account*" *of itself again* in the current year.

The net total dividend is being stepped up to 3.9p (3.5p) with a 2.5p final paid from earnings per 25p share little different at 21.18p (21.15p).

Available profit emerged at £10.59m (£10.26m) after tax of £3.16m (£3.08m) and including extraordinary gains of £361,000 (£90,000).

Other contributors to taxable profit were sand and gravel and builders supplies £2.83m (£3.41m); road materials and concrete products £1.01m (£747,000); shipping services £941,000 (£682,000); packaging £293,000 (£455,000); refractories loss £36,000 (£284,000 profit) and interest and investment income £1.14m (£1.32m).

On a current costs basis total group pre-tax profit was marginally lower at £8.5m (£8.74m).

At year end shareholders funds were up £8.78m at £43.1m and total book value of net assets had risen £9.27m to £47.27m.

Cash stood at £7.25m (£1.7m), after spending £6m on leasing equipment.

The group's 9.1 per cent holding in LASMO now has a market value of £38.4m compared with a book costs figure of £7.73m.

A higher loss on refractories is being budgeted for in the current year.

● comment

At the half-way stage, Cawoods was looking for a drop in profits in 1981. However, second half performance was strong with a 60 per cent hike in pre-tax earnings over the first six months. Margins were generally higher, at 4.9 per cent pre-tax, compared with 3.4 per cent in the first half. Although the oil and solid fuel distribution operations were mixed, they at least maintained earnings, and the group's broad operating base helped it through *the tough economic conditions*. Its large cash base was particularly helpful in enabling it to branch out into tax-efficient leasing, and the £1m profit contribution was impressive. However, an acquisition within the company's existing operational areas is still in its sights, and this could tend to reduce cash flows available to leasing this year. Road materials and concrete piping also performed well in contrast to others in the same industry, althouhg it looks as if the refractories division might extend its loss. The company's 9.1 per cent holding in London and Scottish Marine looks likely to bear fruit this year in the form of a £400,000 maiden dividend contribution at the pre-tax level. Lasmo, of course, distorts Cawood's asset value, and if its 75p a share value is stripped out of Cawood's 218p price the 10.8 fully-taxed p/e rating on the rest of the business, looks reasonable, although the dividend yield of around 4 per cent is slim.

Wintrust continues its run of improved results

SECOND HALF pre-tax profits of Wintrust, banker, increased from £812,199 to £941,348 and for the year to March 31 1981 profits rose from £1.52m to £1.72m.

The final dividend is raised from 1.9404p to 2.13p for a net total of 3.2p (2.9194p).

Commenting on the year's figures, Mr R. D. Szpiro, joint managing director, says: "It is particularly gratifying to note that since the board embarked on a policy of expansion some four years ago, pre-tax profits have almost quintupled from £365,000 to £1,723,000, the highest level ever achieved by the company."

He says the highly satisfactory trend of profitability has continued during the first three months of the current year, and he expects profits for the full year will be a record.

There was a tax charge of £554,864 (£605,943) for the year, leaving net profits up from £911,912 to £1.17m. Stated earnings per 20p share rose from 9.48p to 12.51p.

TILBURY CONTRACT

Foster Yeoman and Tilbury Contracting Group have acquired the right to produce and market aggregates from the quarries previously operated by Scotts (Bampton) at Bampton in East Devon.

Fuller Smith downturn

TAXABLE profits of Fuller Smith and Turner, brewer and wine and spirit merchant, fell in the second half and finished at £1.4m for the 53 weeks ended April 3, 1981, compared with £1.64m for the previous year. Turnover increased from £19.83m to £21.51m.

At midway, profits had moved ahead to £810,814, against £741,890.

Pre-tax figure for the year was struck after interest of £245,000 (£96,000) but was before a tax credit of £2.27m, compared with a £770,000 charge.

After minority interests and preference dividends, and an extraordinary credit of £72,000 (£348,000), the attributable balance came out at £3.72m against £1.2m.

Earnings per share are down from 51.25p to 42.97p, but the dividend is effectively increased to 6.33p (5.67p) with a final of 4p.

Ordinary dividends will absorb £202,000 (£181,000) leaving £3.52m (£1.02m) retained.

On a CCA basis pre-tax figure is reduced to £786,000.

Moorgate Inv.

Pre-tax revenue of Moorgate Investment Company rose from £444,834 to £525,779 in the year to May 31 1981. Total revenue was higher at £574,414 compared with £493,171, and franked income accounted for £467,348, against £413,698, of this total.

Administration expenses were higher at £36,135 (£29,476), and interest charges were down from £18,861 to £12,500. After tax up from £140,952 to £170,979, profit available for ordinary shareholders was £354,800 (£303,882).

The final dividend is raised from 4.1p to 4.8p for an increased total of 7.3p (6.35p). Dividends absorb £340,180 (£295,910), leaving net revenue retained at £14,620 (£7,972). Earnings per 25p share are higher at 7.61p (6.52p), and net asset value per share at year end rose from 125.3p to 169.8p.

FLIGHT REFUELLING

Flight Refuelling's rights issue to raise £5.15m has been accepted in respect of 97.2 per cent. The issue was on a one-for-six basis at 255p. Proceeds are to be used for the company's recent acquisition of Stanley Aviation Corporation, a U.S. aerospace components manufacturer.

APPOINTMENTS

New Charterhouse Japhet director

Mr Laurence A. Lane is to be appointed a director of merchant bankers CHARTERHOUSE JAPHET and will be assuming responsibility for all treasuty and trading of the bank from October 1.

He is at present a managing director of Allen Harvey and Ross where he has been involved in all aspects of the company's business since he joined in December 1966.

★

BRITISH AEROSPACE has made the following appointments in the aircraft group as a consequence of Mr J. T. Stamper assuming full-time duties as corporate technical director, and the retirement of Mr A. S. Watson as group marketing director, military.

Mr A. F. Atkin becomes managing director marketing for all civil and military aircraft; Mr J. L. Glasscock is now managing director military; Mr I. R. Yates takes up a new board post as director of engineering and project assessment at group headquarters, Kingston; Mr A. F. Smith is appointed commercial director; Mr F. E. Roe, formerly group resources director and divisional deputy managing director at Warton, becomes managing director, Warton division; and Mr S. Gillibrand is appointed divisional deputy managing director, Warton division, and joins the board of the aircraft group.

Divisional board appointments are Mr R. H. Evans as divisional assistant managing director, Warton division, and he continues his responsibilities as divisional commercial director. Mr A. H. Baxter is appointed divisional production director, Warton division. Mr C. E. N. Arkell is to be divisional commercial director, Weybridge-Bristol division, on August 1 following the retirement of Mr G. Hanby.

★

Mr. W. N. Cola Almeida has been appointed an additional director of C. E. HEATH AND CO. (LATIN AMERICA).

★

Dr. Joseph Gibson has retired as full-time member of the NATIONAL COAL BOARD with special responsibility for science, but continues with the industry as coal science adviser.

★

Mr. J. A. Roberts has been appointed MIDLAND BANK regional director, Leicester, from August 1 to succeed Mr. P. C. Barrett who is retiring. Mr. R. E. Dicks, at present manager of the bank's Corn Street, Bristol, branch, will replace Mr. Roberts as regional director, South Wales.

★

Mr. G. R. Latham has been appointed to the newly created post of marketing director of WELWYN ELECTRONICS which was recently formed to bring together all electronics interests of Royal Worcester. Mr N. S. Whitfield has succeeded Mr Latham as sales director of Welwyn Electric.

★

Mr A. L. Taylor has been appointed divisional chief executive and managing director of the Sanderson Division of REED DECORATIVE PRODUCTS from September 1. He is at present with the Ingersoll Group.

★

Mr John Denham, technical director and London regional office manager of YOUNG AUSTEN AND YOUNG, has been appointed a director of the company.

★

TRIPLEX SAFETY GLASS company, a member of the Pilkington Group, has appointed Mr. R. S. Harris (automotive toughening operations); Mr M. W. Lacey (automotive laminating operations); Mr W. G. Roberts (sales) and Mr A. H. Maykels (central services) directors.

★

Mr D. J. Rochester has retired from the partnership of CAZENOVE AND CO., stockbrokers.

★

Mr Joe Rogaly is to join the FINANCIAL TIMES board on September 1 as an executive director. His duties will include planning developments by the group, reporting to the Financial Times board on World Business Weekly, the conference department, and continued responsibilities at board level for matters affecting the editorial department. He will remain on the boards of Financial Times Business Publishing and Financial Times Business Information. Mr Michael Hand, at present surveys editor, succeeds Mr Rogaly as managing editor of the Financial Times.

★

GILBERT ASH GROUP, the Bovis Group subsidiary in Scotland, has made the following changes: Mr M. G. Clazy, previously marketing director of Gilbert Ash Scotland, becomes group marketing director; Mr J. Gillespie, a group director, has been appointed managing director of Gilbert Ash Estates and Gilbert Ash Design Associates; Mr D. T. Humphrey, a director of Bovis Homes Scotland, is now director and general manager of Bovis 2000, a newly-formed subsidiary of *Bovis Homes Scotland*; and Mrs M. Cameron has become company secretary and solicitor and Mr A. Neil group personnel manager.

★

The management committee of the BUILDING MATERIALS EXPORT GROUP has elected Mr Basil Addington-Smith, director of *Mineralite*, to be chairman for 1981-82 in place of the late Mr Robert Taylor.

★

Mr W. P. Miller and Mr C. W. D. Morgan have been appointed assistant managing directors of GALLAHER TOBACCO. They are directors of the company and members of the Gallaher group board. Mr Miller will control production, leaf, distribution and supply. Mr Morgan will continue to be responsible for Gallaher International and remain responsible to the group executive for Gallaher (Dublin) and the Dutch subsidiaries, Niemeyer and Ritmeester.

★

Mr Jeremy Lancaster has been appointed to the board of SENIOR ENGINEERING GROUP.

David Lascelles looks at the bids for Reliance and Leasco

Steinberg hungers again for control

MR SAUL STEINBERG has come a long way since he hit the British headlines in the early 1970s with his abortive bid for Pergamon Press. Still only 41 and only slightly less cherubic-looking, the whizz-kid from Brooklyn is now master of a vast financial empire with tentacles that reach into many of the world's more interesting financial pies.

This week he announced plans to buy out the few outside shareholders who still share control of that empire with him, and to transform it into a totally Steinberg-controlled concern. Although this will only formalise his position as one of the most powerful figures in Wall Street, it shows how much he likes to be in total control of whatever he does.

The plan marks the culmination—for the time being only, no doubt—of a saga going back 20 years when, fresh out of college, Mr Steinberg set up a computer leasing company called Leasco and quickly turned it into one of the darlings of the stock exchange.

Using the sizzingly high price-earnings multiple of Leasco stock, he went out and snapped up companies left right and centre, and rapidly built up a multi-billion dollar conglomerate. The voraciousness of the Steinberg appetite left some people gasping in amazement, others spluttering in fury.

Mr Steinberg established a solid footing for himself in 1968 when he bought control of Reliance Insurance Company, a reputable if unexciting Philadelphia-based insurer which was many times Leasco's size. This formed the bedrock of his operation, which he renamed Reliance

Dizzy with his own success perhaps, Mr Steinberg next tried to take-over Chemical Bank, the U.S. sixth largest bank which, at the time, had nearly $10bn in assets. Not surprisingly, this audacious move was

Reliance Group's latest annual report proclaims in large gold letters on its cover: "Reliance Group has an enormous faith and investment in America, both spiritually and financially."
Mr Saul Steinberg, the chairman of Reliance, who is trying to make it a private company has had designs on Britain in the past. In 1969, when the picture left was taken, he bid unsuccessfully for Pergamon Press.

repelled, and after this setback, Mr Steinberg trimmed his ambitions somewhat. During most of the 1970s he contened himself with buying a stake of 5 to 10 per cent in companies which appealed to him for one reason or another.

In one of his biggest moves, he bought a 6.5 per cent stake in the New York Times Company last year, though he sold part of that earlier this month. He also owned a big chunk of Chris-Kraft, the entertainment company whose most succulent asset was a 22 per cent stake in 20th Century Fox, the film company which has just been bought out for $800m.

Apart from displaying an enviable knack of spotting likely take-over candidates, he enjoyed dabbling in the securities of companies in deep trouble, figuring presumably that they had no way to go but up.

Securities of the bankrupt Penn Central railroad drew his attention for a while. More recently, he has shown an interest in General Public Utilities, the financially strapped owner of the crippled Three Mile Island nuclear power station.

It was not all easy going. Reliance Insurance suffered badly from the cyclical downturn of the insurance industry in the mid-1970s and needed a strong dose of Steinberg wizzardry to get it going again.

By the late 1970s Mr Steinberg was again restructuring. As a first step in 1979 he spun off Leasco from the Reliance Group and sold it to Reliance shareholders. But he managed to acquire a 51 per cent interest in Leasco for himself and then used Leasco as a vehicle to buy 25 per cent of Reliance.

At the same time, the Steinberg family interests built up their direct stake in Reliance to about 16 per cent. At the beginning of this week, the Steinbergs controlled either directly or indirectly, about 35 per cent of Reliance's outstanding shares.

It will cost Mr Steinberg about $500m to acquire total control over Reliance, a sum which he says he will borrow, though he plainly hopes that Reliance shareholders will make most of an option to take instead debt in the new, private company which will combine the Reliance and Leasco assets.

The group over which he will then have total control will be a $2.7bn conglomerate with interests in insurance, management services, real estate, computers, and a host of other activities, employing nearly 10,000 people all round the world. It will include a stake of about one-fifth in RIT, which is run by Mr Jacob Rothschild. Not bad for someone who started out with a $25,000 loan.

Husky eyes bid for BP Canada

By Victor Mackie in Ottawa

HUSKY OIL of Canada is eyeing BP Canada as a possible takeover candidate, Mr Robert Blair, Husky's chairman confirmed yesterday.

Husky, a subsidiary of Calgary-based Nova, agreed this week with Shell Oil of Houston, Texas, to pay C$430m (US$360m) for the petroleum interests of Shell Explorer, off the east and west coasts of Canada and in Alberta's oil sand regions.

"It would suit Husky to merge with another company of similar size, but with Husky as operator," Mr Blair told reporters.

He said Husky executives are studying several suitable takeover targets, including BP Canada, controlled by British Petroleum.

Mr Blair however denied speculation that Canadian Pacific of Montreal and Husky might make a joint offer. "Speculation that we are teaming up is not true," Mr Blair said.

He added that BP was a "natural interest" for Husky, but warned that it is not Husky's "featured" candidate for acquisition at this time.

"However, I should not write it (a Husky bid for BP) off as out of the question."

Mr Blair said further details regarding this further stage of the Husky expansion programme should be available within the next few months, if not sooner.

Ray Dafter, Energy Editor, writes in London: British Petroleum said last night that it had had discussions with Mr Blair although the talks had not been specifically about BP Canada. "No offer has been made," BP commented.

BP's Canadian interests cover most of the group's main trading sectors including coal, minerals, oil and gas exploration and production, and the refining, supply and marketing of oil products.

Last year BP Canada's gross revenues and sales totalled C$1.26bn. Net income was C$104m. Almost 4,000 BP staff are employed in Canada—about 5.4 per cent of the labour force working outside the UK and 3.3 per cent of the group's worldwide staff.

Oil and gas boost Allied's earnings

BY PAUL BETTS IN NEW YORK

ALLIED CORPORATION, the large U.S. diversified chemicals and energy company, reported yesterday record second quarter earnings of $87m, up 19 per cent from a year earlier. The improvement reflected earnings in Allied's fibres, oil and gas and other operations.

Second quarter sales at $1.59bn were also a record and were 16 per cent up on last year's second quarter.

Allied's profits in the first half totalled $171m on sales of $3.2bn compared to $141m on sales of $2.75bn in the first six months of last year.

The company reported substantially higher sales and income from nylon carpet fibres. These gains were partly offset by losses in high-density polyethylene reflecting the general weakness of the U.S. market.

Oil and Gas operations were boosted by increased earnings from North Sea oil and domestic oil and gas, reflecting higher prices and the first full quarter's production from the company's wholly-owned Eugene Island Block 384 gas field in the Gulf of Mexico.

Allied, which recently negotiated a $3bn bank credit, is also planning major acquisitions.

Electronics lift Warner to record

By Our New York Staff

WARNER COMMUNICATIONS, the U.S. entertainments conglomerate whose stock price has flourished in recent months, reports a 65 per cent gain in second quarter income to a record $42.6m. Revenue was also sharply up, to $676.3 from $449.9m in the same period last year.

The company's strong performance was again largely attributed to the explosive growth of the Atari subsidiary, which produces consumer electronics and toys. Atari's revenues rose 86 per cent and operating income was $39.2m compared with $16.2m in the second quarter last year.

Mr Steven Ross, Warner chairman, said that overall operating income in the second quarter rose 76 per cent. Earnings from the films sector were up and the acquisition of Franklin Mint also contributed to the growth.

Mr Ross added that Atari should continue to thrive for the rest of the year, in view of increased production and continued strong demand for its video games and computer products.

For the first half of the year, Warner net income totalled $92.1m on revenues of $1.28bn, compared with net income of $60.6m on revenues of $876.9m in the comparable period last year.

Warner shares closed at $19½ on Monday, having reached a low of $7¾ in the past year.

Filmways loss

Filmways, the California-based film producer and distributor, magazine publisher and recording company, has turned in a loss of $8.1m for the first quarter of the year, somewhat worse than in the comparable quarter when it lost $6.4m, writes our Financial Staff.

Second quarter profits up at First National Boston

BY OUR FINANCIAL STAFF

AN INCREASE in second quarter net earnings is announced by First National Boston, holding company for The First National Bank of Boston. Although small, the increase runs counter to the prevailing trend among the banking majors.

Net earnings after securities show a rise from $27.8m to $29.5m, with earnings per share at $2.33, also after securities, compared with $2.25 for the same period in 1980.

At the halfway stage, the group, which is an international holding company drawing about one-fifth of earnings from overseas activities in more than 40 countries, has recorded net earnings of $58.2m or $4.61 a share, against $47.8m a year ago.

In fiscal 1980, the bank turned in profits of $102m or $8.22 a share and Wall Street has been predicting a further increase this time.

The principal subsidiary, First National Bank of Boston, is the largest bank in New England and the 17th largest in the U.S. An improvement in the New England economy is expected to help results this year.

Also reporting better trading yesterday was First Pennsylvania Corporation, holding company for Fist Pennsylvania Bank, the oldest and 38th largest in the U.S. First Pennsylvania achieved an operating profit of $2.2m, which is reduced to $1m or 8 cents a share after charging a loss of $1.2m from discontinued operations.

In the same quarter last year, the group incurred a loss of $25.9m without taking account of a $70m loss on securities and a loss of $12.9m from discontinued operations.

In fiscal 1980, the group had a total deficit of $145m.

California-based Security Pacific also reported an increase in second quarter earnings to $50.8m or $1.71 a sare from $43.4m or $1.56 a share a year ago. This brings the total for the first half to $100m or $3.48 a share compared with $83.1m or $3.00 a sare last time.

Appeal of U.S. convertible bonds fades

By Francis Ghilès

TWO CONVERTIBLE bond issues for U.S. energy companies launched earlier this month and priced this week bear witness to the fact that such paper has lost, at least for the time being, some of the attraction it held for investors.

The convertible for Texas General Resources to 1996, the amount of which was trimmed by $3m to $12m on Tuesday by Hill Samuel, the lead manager, started trading yesterday and closed at 95 in the middle, a performance no first-time borrower in the Eurobond market can be happy with.

Meanwhile, the amount of the $50m convertible to 1996 for Northwest Industries was cut by $10m and indicated coupon of 9 per cent confirmed by Goldman Sachs, the lead manager. Its performance stands in sharp contrast to that of Texas General Resources, being quoted at 99¼ in the middle last night.

Convertibles for U.S. companies are being hit by two factors: the decline in the Dow Jones Index in recent weeks; and the widespread feeling that Mr. Ronald Reagan, the U.S. President, may agree to a lowering of U.S. interest rates after the Ottawa summit next week. This would inevitably weaken the dollar, albeit temporarily.

The $150m EIB bond to 1989 launched on Tuesday which has an indicated coupon of 15 per cent and is expected to be priced at a discount, appears to have got off to a slow start. It was quoted yesterday at a discount of 1½-2¼ per cent on its issue price, which is not exactly known. Dealers said the issue was too tightly priced to attract much investor demand.

Prices of dollar fixed interest dollar Eurobonds fell ¼. Falls were greater in the morning but prices recovered later

D-Mark and Swiss franc foreign bond prices were unchanged with trading volume at a low level.

Harvard to get Du Pont funds

BY OUR FINANCIAL STAFF

DU PONT of the U.S. is to spend $6m backing basic research into molecular genetics at Harvard University medical school. Du Pont, which has just upped its bid to buy the Conoco oil and energy group, will have exclusive rights to licence any discoveries that are patented by the Harvard team.

The first $2m of the $6m grant will be given to the medical school next month and the rest will be paid in $1m instalments between 1982 and 1985. Although Du Pont will have licensing rights to any patented discoveries, the patents themselves will belong to Harvard.

Du Pont said the aim of the $6m funding programme was to provide it with "access to new, basic information and to supplement the general research already being carried out" by the company in-house.

The chemical giant already has a wide ranging molecular genetic research programme of its own which is aimed at finding commercial applications in the fields of medical diagnostics, plant protection, plant growth regulators and new chemical feedstocks.

When the bid for Conoco was first announced, Du Pont stressed that it would be continuing its research and development work into speciality chemical areas, where it already has a strong presence.

Meanwhile Cetus, the U.S.-based genetic engineering company, says it has become the first American concern to gain approval from the National Institutes of Health to use a bug called bacillus subtilis to produce interferon, currently being tested for use against both cancer and viruses.

Cetus says bacillus subtilis should enable interferon to be made more efficiently and more safely than the E.coli bacterium that is normally used to make the drug.

Cetus already has two interferon production sites in California and it has just started work on the building of a new, large scale pilot plant. Dr Ronald Cape, chairman and chief executive of the company, said yesterday that Cetus' existing plants could already produce enough interferon—in a pure form—to provide doses for 10,000 patients and it could make the required amount overnight.

Deere's North America sales increase by 14%

BY OUR FINANCIAL STAFF

RETAIL SALES of Deere farm equipment in North America were up 14 per cent from a year earlier in the eight months ended June 30, according to Mr Boyd Bartlett, vice president.

For the rest of fiscal 1981, ending October 31, "retail sales should exceed our shipments and cause dealers' inventories to decline in dollar terms," he added. Deere's total sales were $5.5bn in fiscal 1980.

Deere, the world's largest farm machinery manufacturer, estimates in 1981 its worldwide output will be down 9 per cent in volume terms from fiscal 1980, Mr Robert Hanson, president, said.

With European markets weak, Deere's current production schedule there calls for 212,000 tons of equipment in fiscal 1981, down from 235,000 tons last year. The company claims an 8.7 per cent share of the Western European tractor market.

The industrial equipment division, producing at about 54 per cent of capacity, will not reach its objective of breakeven this year. In fiscal 1980 the division had a $68m operating profit with production at about 67 per cent of capacity.

Deere intends to maintain its capital expenditures at this year's level of about $325m for the next five years and it plans long-term debt financing in 1982.

Capital spending totalled $392.7m in the year ended last October.

Deere is prepared to reduce outlays, if its earnings improvement fails to meet expectations or if capital spending costs remain high.

The company has been adding new capacity at an annual rate of 5 to 6 per cent, with North American capacity expanded by 14 per cent since 1978.

Strong recovery for American Airlines

By Our New York Staff

AMERICAN AIRLINES, the fourth largest domestic U.S. carrier, reported yesterday net earnings of $27.8m in the second quarter compared with a loss of $34.8m last year.

Revenues were also up in the second quarter. They increased 13 per cent to $1.1bn. The company said the increase came largely from a 15.5 per cent rise in yield—the average amount of revenue received per passenger mile—offset by a 1.3 per cent decline in traffic.

NZ bank retains income

WELLINGTON—The Bank of New Zealand said it has arrested the previously declining trend in ratio of shareholders' funds to total assets through retention of a greater percentage of earnings.

Page Canadian petroleum assets for sale

By Robert Gibbens in Montreal

PAGE PETROLEUM of Calgary announced that because of the restrictive aspects of the National Energy Programme of the Canadian Government, it plans to sell its Canadian oil and gas properties and invest the proceeds in the U.S. The company, 80 per cent owned by U.S. investors, has about 15m barrels of proven oil reserves in Canada, mostly in Saskatchewan, and 10bn cubic feet of gas, mainly in Alberta. The value of the assets has been unofficially estimated at C$90m-100m (US$75m-83m).

The Canadian assets will be offered to a short list of potential bidders and preliminary talks have already been held. A decision could come within a month.

Under the Canadian-ownership rules of the programme Page would not qualify for certain Federal cash incentives available to Canadian-controlled exploration companies. Page also claims that returns from oil and gas investment in the U.S. are greater than in Canada, where prices are tightly controlled.

Page's land holdings are mainly in Texas, Utah and Michigan.

Rumours persist of further moves by Canadian companies to buy back domestic oil and gas assets.

AMERICAN QUARTERLIES

Company		1981 $	1980 $
AMERICAN MEDICAL SUPPLY	Second quarter		
	Revenue	686.6m	579.6m
	Net profits	34.0m	30.7m
	Net per share	0.81	0.74
	Six months		
	Revenue	1.35bn	1.14bn
	Net profits	68.2m	58.5m
	Net per share	1.62	1.42
BAXTER TRAVENOL LABORATORIES	Second quarter		
	Revenue	380.0m	337.7m
	Net profits	35.18m	33.15m
	Net per share	1.01	0.96
	Six months		
	Revenue	727.7m	650.8m
	Net profits	68.64m	63.59m
	Net per share	1.97	1.85
CHAMPION INTERNATIONAL	Second quarter		
	Revenue	1.06bn	901.9m
	Net profits	45.9m	33.3m
	Net per share	0.77	0.61
	Six months		
	Revenue	2.06bn	1.83bn
	Net profits	75.2m	77.2m
	Net per share	1.25	1.42
CHESEBROUGH-POND'S	Second quarter		
	Revenue	334.9m	309.6m
	Net profits	23.3m	20.4m
	Net per share	0.72	0.63
	Six months		
	Revenue	707.2m	628.0m
	Net profits	51.7m	44.2m
	Net per share	1.59	1.37
CONTINENTAL GROUP	Second quarter		
	Revenue	1.34bn	1.27bn
	Net profits	86.4m	37.7m
	Net per share	2.43	0.97
	Six months		
	Revenue	2.63bn	2.53bn
	Net profits	143.2m	95.0m
	Net per share	4.00	2.53
CPC INTERNATIONAL	Second quarter		
	Revenue	1.15bn	1.04bn
	Net profits	51.1m	49.8m
	Net per share	1.07	1.04
	Six months		
	Revenue	[illegible]	[illegible]
	Net profits	89.8m	83.3m
	Net per share	1.88	1.74
WALT DISNEY		1980-81 $	1979-80 $
	Third quarter		
	Revenue	258.0m	245.4m
	Net profits	30.2m	35.9m
	Net per share	0.93	1.10
	Nine months		
	Revenue	886.8m	849.0m
	Net profits	83.8m	94.6m
	Net per share	2.57	2.91
DUN AND BRADSTREET	Second quarter		
	Revenue	331.5m	297.5m
	Net profits	32.93m	27.89m
	Net per share	1.17	1.00
	Six months		
	Revenue	649.7m	579.9m
	Net profits	59.48m	51.06m
	Net per share	2.12	1.83
FIRST CITY BANCORP TEXAS	Second quarter		
	Net profits	31.4m	31.0m
	Net per share	1.06	0.80
	Six months		
	Net profits	63.0m	41.7m
	Net per share	2.15	1.59
FIRST STATE BANCORP	Second quarter		
	Net profits	62.4m	56.7m
	Net per share	1.55	1.44
	Six months		
	Net profits	125.2m	113.6m
	Net per share	3.11	2.90
GANNETT	Second quarter		
	Revenue	349.5m	308.1m
	Net profits	46.59m	40.52m
	Net per share	0.86	0.75
	Six months		
	Revenue	654.3m	581.5m
	Net profits	76.79m	67.67m
	Net per share	1.41	1.25
HERCULES	Second quarter		
	Revenue	712.0m	624.0m
	Net profits	33.5m	26.9m
	Net per share	0.76	0.62
	Six months		
	Revenue	1.38bn	1.27bn
	Net profits	69.0m	60.6m
	Net per share	1.56	1.38
E. F. HUTTON	Second quarter		
	Revenue	373.6m	290.8m
	Net profits	21.6m	21.3m
	Net per share	1.18	1.29
	Six months		
	Revenue	694.0m	552.0m
	Net profits	46.2m	41.3m
	Net per share	2.42	2.52
JOY MANUFACTURING		1980-81 $	1979-80 $
	Third quarter		
	Revenue	269.9m	242.5m
	Net profits	23.9m	14.0m
	Net per share	1.22	0.72
	Nine months		
	Revenue	792.0m	681.7m
	Net profits	61.3m	42.2m
	Net per share	2.13	2.16
McGRAW-HILL	Second quarter		
	Revenue	254.9m	227.9m
	Net profits	20.15m	17.82m
	Net per share	0.81	0.72
	Six months		
	Revenue	489.5m	441.8m
	Net profits	37.7m	32.7m
	Net per share	1.50	1.32
NASHUA	Second quarter		
	Revenue	172.0m	167.0m
	Net profits	3.3m	3.7m
	Net per share	0.70	0.80
	Six months		
	Revenue	337.0m	331.0m
	Net profits	6.5m	9.6m
	Net per share	1.40	2.05
NORTH AMERICAN PHILIPS	Second quarter		
	Revenue	790.5m	580.5m
	Net profits	18.4m	16.4m
	Net per share	1.36	1.26
	Six months		
	Revenue	1.45bn	1.09bn
	Net profits	32.9m	32.3m
	Net per share	2.46	2.48
NORTHROP	Second quarter		
	Revenue	467.1m	401.1m
	Net profits	5.2m	22.7m
	Net per share	0.35	1.59
	Six months		
	Revenue	902.3m	787.7m
	Net profits	28.3m	45.6m
	Net per share	1.97	3.20
POTLATCH	Second quarter		
	Revenue	225.4m	187.2m
	Net profits	12.7m	10.6m
	Net per share	0.88	0.70
	Six months		
	Revenue	444.3m	387.2m
	Net profits	20.6m	21.9m
	Net per share	1.12	1.45
PPG INDUSTRIES	Second quarter		
	Revenue	892.9m	753.7m
	Net profits	64.0m	39.7m
	Net per share	1.81	1.21
	Six months		
	Net profits	116.5m	84.4m
	Net per share	3.48	2.83
REPUBLIC OF TEXAS	Second quarter		
	Net profits	29.8m	22.8m
	Net per share	1.58	1.18
	Six months		
	Net profits	58.9m	42.8m
	Net per share	2.95	2.25
RIEGEL TEXTILE	Third quarter		
	Revenue	122.1m	113.8m
	Net profits	4.37m	4.68m
	Net per share	1.16	1.23
	Nine months		
	Revenue	339.7m	324.1m
	Net profits	17.86m	13.07m
	Net per share	3.08	3.43
RUBBERMAID	Second quarter		
	Revenue	83.2m	70.3m
	Net profits	5.5m	3.8m
	Net per share	0.70	0.50
	Six months		
	Revenue	165.9m	147.9m
	Net profits	11.5m	8.4m
	Net per share	1.50	1.09
SIGNAL COMPANIES	Second quarter		
	Revenue	1.34bn	1.17bn
	Net profits	[illegible]	[illegible]
	Net per share	0.79	0.79
	Six months		
	Revenue	2.56bn	2.37bn
	Net profits	105.1m	105.0m
	Net per share	1.45	1.45
TELEDYNE	Second quarter		
	Revenue	828.5m	764.7m
	Net profits	120.7m	94.0m
	Net per share	5.84	3.97
	Six months		
	Revenue	1.63bn	1.5bn
	Net profits	218.0m	186.0m
	Net per share	10.55	7.06

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices which will be published next on Thursday August 13.

Closing prices on July 15

U.S. DOLLAR STRAIGHTS — DEUTSCHE MARK STRAIGHTS — SWISS FRANC STRAIGHTS — YEN STRAIGHTS — OTHER STRAIGHTS — FLOATING RATE NOTES — CONVERTIBLE BONDS

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
Matsushita El 7½ 95	11/80	590	95¼	96¼	−1½	3.49
NKK 6½ 96	7/81	188	113¾	114¼	−2	25.73
Ricoh 6⅝ 95	8/80	604	163⅞	165⅛	−5	−4.76
Sumitomo M. Ind. 7 95	2/81	151	146½	147⅛	−4½	−2.47
Swiss Bk. Cpn. 6¾ 90	9/80	200	74⅛	76⅛	+0¼	33.11
Taylor Woodrow 8¾ 90	1/81	4.94	88¼	89½	+0¼	1.30
Transco Int. 8¾ 95	2/81	68	80⅝	81⅞	0	35.95
Tricorp 8½ 95	12/80	31.25	80⅞	82⅛	+1¾	10.14
Union Bk. Switz. 5 89	2/80	70.79	73½	75½	+0½	6.42
Sharp Cpn. 6½ 88 DM	9/80	595	209⅝	210⅞	−3¾	−2.64
Uny Co. 6½ 85 DM	11/79	879.3	119	120	+0½	−1.76

* No information available—previous day's price.
† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week = Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte = Date next coupon becomes effective. Spread = Margin above six-month offered rate (‡ three-month; § above mean rate) for U.S. dollars. C.cpn = The current coupon. C.yld = The current yield.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day = Change on day. Cnv. date = First date for conversion into shares. Cnv. price = Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem = Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

Luxembourg gets set for U.S.-style money funds

By Peter Montagnon in Luxembourg

LUXEMBOURG IS in the final stages of introducing legislation that will permit the establishment of American-style money market funds in the Grand Duchy, according to Mr Ernst Muehlen, Secretary of State for Finance.

The Government already has already given Shearson Loeb Rhoades, the U.S. brokerage concern, authorisation to start up such a fund in anticipation of the legislation being passed.

The introduction of money market funds is intended to boost Luxembourg's attractiveness as a financial centre catering to the needs of wealthy private individuals. This follows from the need of many wholesale banking institutions established here to diversify their operations because of the low returns now available from traditional Euromarket banking.

The money market fund legislation is being effected through a change in the law relating to holding companies, which are used as the vehicle for mutual fund business. The change will allow Luxembourg holding companies to invest for the first time in money market instruments and precious metals.

Some bankers here warn that the fashion for money market funds, which have seen an unprecendented growth in the U.S., might prove short-lived if American interest rates were to decline. Precious metal funds should then provide an alternative attraction, while the flow of private client funds into Luxembourg would benefit in any event.

Luxembourg recently passed legislation formalising the existence of bank secrecy. Other commodity-related funds, dealing, for example, in coffee and grains, are apparently not under consideration for the time being.

Veba may buy Dresdner stake in Metallgesellschaft

BY KEVIN DONE IN FRANKFURT

VEBA, West Germany's largest industrial concern, has held informal talks with the Cartel authorities which could lead to it taking a significant stake in Metallgesellschaft, the metals, chemicals, transport and process plant engineering group, in a deal worth at least DM 382m ($157m).

The West German Cartel Office in Berlin yesterday confirmed that Veba has discussed the possible acquisition of a 25 per cent stake in Metallgesellschaft from the Dresdner Bank.

The bank is still thought to own between 35 and 40 per cent of the Metallgesellschaft equity, despite the sale of 10 per cent to the Kuwait Petroleum Company earlier this year. Kuwaiti interests hold 20 per cent of the shares of the Frankfurt-based group, which is also 27 per cent-owned by a holding company representing the Deutsche Bank, Allianz, the West German insurance group, and Siemens.

Metallgesellschaft shares have soared in the past 18 months and are now trading at levels last reached in early 1973. At the present price of about DM 319 per share, a stake of 25 per cent in the group would command a market value of about DM 382m.

The group's fortunes have improved considerably in the past two years and after-tax profits more than doubled last year to DM 42m on a turnover of DM 9bn. The company has been helped by the restructuring of its manufacturing division, which had been losing money for several years.

Capital expenditure this year will reach a record DM 360m and is partly aimed at further reducing the company's exposure to the cycles of world trade and at securing raw materials.

Veba, which is 44 per cent owned by the West German state, had a turnover of DM 41.5bn last year from interests in oil, power generation, chemicals, glass, transport and trading.

Montedison defers rights issue

BY JAMES BUXTON IN ROME

MONTEDISON, the Italian chemical group, has postponed launching a L640bn ($523m) rights issue, which would be the biggest in Italian history, because of the uncertain state of the Milan stock exchange.

The company said that the timing of the issue would depend on the situation on the bourse. It was to have gone to the market during the past few days, but was held up by the change in bourse settlement days imposed by the Consob, the market's regulatory authority.

To make the rights issue more attractive, Montedison intends to give subscribers shares in one of its successful subsidiaries, SELM (Servizi Elettrici Montedison). SELM is currently 100 per cent-owned by Montedison and makes profits from the generation of electricity from 22 mainly hydro-electric plants.

The recent falls on the stock exchange have hit Montedison shares badly. On Tuesday they stood at L150, compared with a par value of L175 and a high for 1980 of L293. Yesterday, however, they rose with the rest of the market to close at L169. The stock exchange went up 7.3 per cent yesterday according to the provisional index, the second successive rise since the introduction on Monday of new measures to underpin it.

Montedison has also reorganised its board following the Government's sales of its indirectly-held 16.6 per cent stake in the company last month.

Four new directors have been appointed to represent the four private sector companies which bought the Government-controlled stake from ENI. The state energy concern and IRI, the state industrial holding company. Fiat is represented by Sig Francesco Mattioli, and there are representatives of Pirelli, Orlando and Invest.

Within the next few months Montedison expects to reach final agreement with ENI on the rationalisation of Italian chemical production. The chief aim of the sale of the Government's stake in Montedison was to create two forces—one private sector, the other public—in the Italian chemical industry, which has been badly hit by world recession and by the effects of over-expansion in the 1970s.

New chief for Credit Suisse First Boston

By William Hall, Banking Correspondent

THE APPOINTMENT of Mr Hans-Ulrich Doerig, a 41-year-old senior vice president of Credit Suisse as chief executive of Credit Suisse First Boston, one of the leading merchant banks in the Eurobond market, is expected shortly. He will succeed Mr Michael von Clemm.

Mr Doerig has been associated with the bank since 1974 but until now has only been a non-executive member of the board of the London holding company, Credit Suisse First Boston UK. However, he is expected to be elected to the board of the London merchant bank shortly.

Mr von Clemm took over as chairman and chief executive of the bank in 1978 following the resignation of Mr John Craven. The latter left because he was unhappy at the association with First Boston and the way it had been arranged by Credit Suisse.

A number of senior executives resigned following Mr Craven's departure and the bank recruited a number of new managing directors to bolster its executive team.

Mr Fred Pettit was hired from Citibank in December 1979 as managing director and chief operating officer and Mr Hans-Joerg Rudloff, resigned as chief executive of Kidder Peabody International to become a managing director of the bank in November 1980.

Earlier this year Mr David Potter, a widely respected member of the bank's top management, left to head Samuel Montagu's international capital markets operation. Since then the bank has been run by four managing directors—Mr Rudloff, Mr Steven Licht, Mr Pettit and Mr Phillip Seers.

For some time Mr von Clemm has made little secret of the fact that he wanted to withdraw from the day to day running of the bank and concentrate, as chairman, on strategic development and relationships with shareholders and clients.

Consequently, there has been considerable speculation as to who would emerge as chief executive and there has been evidence of management infighting with Mr Rudloff regarded by many as the strongest contender.

The choice of an outside chief executive has solved the problem although it is unclear whether Mr Doerig's appointment is temporary or longer term. Mr von Clemm was out of the country yesterday and Mr Doerig would not be drawn on the term of his new appointment.

Credit Suisse First Boston, which is jointly owned by Credit Suisse and First Boston, is the biggest issue of Eurobonds. However, it has not been particularly profitable given the scale of its involvement in the market and last year it made a pre-tax loss of £339,000 ($647,000).

Neuber likely to succeed Volling at WestLB

BY STEWART FLEMING IN FRANKFURT

HERR FRIEDEL NEUBER, president of the Rhineland Savings Banks Association and chairman of the Supervisory Board of the Westdeutsche Landesbank in 1980, is expected to be selected as chief executive of the DM 114bn bank in succession to Dr Johannes Völling, at a board meeting tomorrow.

Although WestLB was unable to confirm news agency reports, it is understood that Herr Neuber's is the only name which will be considered.

Dr Völling's resignation as chief executive was announced last week, after it had become clear he had lost the confidence of the bank's owners—the State of North Rhine Westphalia and the Savings Banks Associations in the state—following the plunge in WestLB's profits in 1980 and the misleading reassurances about profitability which the bank published in December of last year. In 1980, WestLB's profits fell to DM 61m ($25m) from DM 188m to DM 61m and the company is facing another difficult year.

Herr Neuber, who was 46, earlier this month, at one time, was nominated as a potential Finance Minister in the state of North Rhine Westphalia. He is a member of the Social Democratic Party which holds an absolute majority in the State Parliament.

He became president of the Rhineland Savings Banks Association in 1969, a position which gave him a seat on the WestLB supervisory board. He has thus been closely informed on the aggressive international and domestic growth strategy which WestLB has followed in the past decade under the leadership first of DR Ludwig Poullain, and then, after Dr Poullain's abrupt resignation in 1977, by Dr Völling.

Losses mount at Italsider

By Our Rome Staff

ITALSIDER, the state-owned steel operating company, has announced a steeply deteriorating financial situation. Losses in the first five months of this year amounted to L5.2bn ($469.6m) compared with losses for the whole of last year of L747bn.

Because of chronic undercapitalisation, which makes bank borrowing expensive, most of last year's loss—some L682bn—had to be carried forward to this year since it could not be covered by reserves.

VONTOBEL EUROBOND INDICES
14.5.76=100%

PRICE INDEX	7.7.81	14.7.81	AVERAGE YIELD	7.7.81	14.7.81
DM Bonds	87.55	87.54	DM Bonds	10.371	10.381
HFL Bonds & Notes	90.78	90.81	HFL Bonds & Notes	11.209	11.201
U.S.$ Strt. Bonds	83.38	83.60	U.S.$ Strt. Bonds	13.476	13.550
Can. Dollar Bonds	83.31	82.85	Can. Dollar Bonds	13.707	13.844

Profits at C. Itoh plunge by 61%

By Our Tokyo Correspondent

JAPAN'S THIRD largest trading company C. Itoh Company, and its 100 consolidated subsidaries saw consolidated net profits plunge by 61.7 per cent in the year to March 31, despite a record turnover, reflecting the yen's appreciation on the year and a downturn in profits on securities trading.

Consolidated sales reached Y11,190bn ($48.4bn), up 21.5 per cent on the previous year. Consolidated net profits, however, declined to Y12.56bn ($54.3m). Consolidated per share profits slipped back to Y16.76 from the previous year's Y44.02.

Strong sales were helped by brisk exports (up 32.5 per cent) of products like industrial plants and Toyo Kogyo's cars. Higher prices for crude oil and raw materials pushed up the value of imports (up 29 per cent) and offshore transactions (up 21.6 per cent).

Machinery and construction sales showed the sharpest growth—54.8 per cent. They were followed by energy resources and chemicals, up 24.7 per cent, and food, up 18.9 per cent.

During the year the exchange rate against the U.S. dollar appreciated 5.2 per cent to Y218.72, from the previous year's Y230.60. The yen's rise led to translating losses of the foreign currency denominated financial statements of overseas consolidated subsidiaries, resulting in a decline in the gross trading margin to 2.3 per cent from 2.7 per cent in the previous year.

Reflecting high interest rates both in Japan and overseas, the company's interest expenses, net of interest income and dividends, rose by Y20.2bn, or 38.7 per cent, to Y72.5bn.

The sharp fall in net profits was chiefly attributed to the significant drop in the net gains on investment and marketable securities during the year, primarily because of huge gains recorded in the previous year's sales of marketable securities.

For the current fiscal year ending March 1982, the company projects its consolidated sales at Y12,000bn, up 7 per cent from the 1980-81 level.

Strong yen causes sharp decline in Honda earnings

BY YOKO SHIBATA IN TOKYO

HONDA MOTOR Company, the Japanese manufacturer of cars and motorcycles, suffered a fall in consolidated net profits of 47.3 per cent to Y13.81bn ($60m) in the first quarter, to May 31, in spite of sales of Honda and its 77 consolidated subsidiaries rising 8.5 per cent to a record Y479.21bn ($2.1bn). The fall in profits resulted from a rise in the value of the yen in the foreign exchange market, combined with the operation of U.S. accounting rules.

Foreign currency denominated profits of overseas consolidated subsidiaries are translated into yen in accordance with regulation No. 8 of the U.S. Federal Accounting Standards Board.

Unit sales of motorcycles in the quarter came to 905,000 units, up 15.7 per cent, yielding a 4.7 per cent increase in value sales to Y140.47bn.

Honda sold 265,000 cars, up 14.7 per cent, with exports gaining 14 per cent to 187,000 and domestic sales 16.4 per cent to 78,000.

Car sales rose in value by 5.3 per cent to Y255.89bn. The company is highly involved in international operations, with overseas sales accounting for 74 per cent of the total. As a result, the yen exchange rate against other currencies is a highly critical factor in Honda's earnings. During January-March this year, the average yen exchange rate against the U.S. dollar appreciated by 18 per cent to Y206, from the level of the same period in 1980, and the yen's value rose by 40 per cent against the German mark. A lower growth rate of overseas sales—up 5.1 per cent—than of domestic sales, which were up 19.3 per cent, was attributed largely to the yen's appreciaton against other currencies, which lowered unit selling prices overseas.

Unlike other Japanese motor manufacturers, which have suffered from sluggish domestic sales, Honda's domestic sales fared well with those of motorcycles up 24 per cent, and car sales up 9.6 per cent, helped by brisk sales of a new scooter and a strengthened domestic car sales network.

The appreciation in the yen increased the cost to sales ratio on overseas consolidated subsidaries. Additionaly, while consolidated net profits during the first quarter were cut down by the FASB No. 8 regulation, consolidated net profits a year earlier were raised by the operation of this rule. The translation loss in the first quarter was as much as Y11,500m, aaginst translation gains of Y9,300m in the same period the previous year.

For the current half-year, the company foresees a downturn in the value of the yen aaginst other currencies and strong domestic car sales. Honda's domestic car sales in the period from January to June rose by 19 per cent, again well above the industry's average. The company started shipping parts to BL of the UK for the joint manufacturing of its new family car, the Triumph Acclaim, which is to be introduced in October. Sales of parts to 43 overseas manufacturing plants including BL and its Ohio plant in the U.S. are also expected to contribute to sales.

Comecon bank may set up offshore trading company

BY TOM SEALY

COMECON'S ONLY offshore bank, the Budapest-based Central European International Bank, is now exploring the feasibility of setting up a complementary offshore trading company. If it comes off it could herald a major change in Hungary's trade outside Eastern Europe.

The bank was founded in November 1979, with a fully paid up share capital of $20m and a subordinated standby loan of $15m, to conduct international banking business in and outside Hungary as an offshore bank. This status exempts the bank from Hungarian foreign exchange laws and central bank control, and enables it to keep its books and balance sheets in U.S. dollars.

The National Bank of Hungary is the principal shareholder with a 34 per cent stake. Six Western banks — Banca Commerciale Italiana, Bayerische Vereinsbank, Creditanstalt-Bankverein, Société Generale, Long-Term Credit Bank of Japan and the Taiyo Kobe Bank—each have 11 per cent.

No details have been given of the activities of the proposed trading company, but there are two clear areas where it could operate effectively. It could for example, improve Hungarian export profits by displacing agents for markets like the Middle East.

As for the bank, it reported profits of $2.6m last year and of $1.5m between January and May this year. Deposits and credits allowed by the bank in the international money and credit markets so far are worth $210m.

Current projects include participation in a $150m credit to finance the building of a pulp complex in Czechoslovakia led by Creditanstalt Bankverein of Austria, and a $200m credit organised by Bank of America to finance the building of the Danube-Black Sea canal.

Samurai bond issues already top 1980 total

By Our Financial Staff

SAMURAI BONDS, or yen bonds issued by non-residents on the Japanese capital market, raised Y277.5bn ($1.21bn) in the first half of this year, or 6.1 per cent more than the Y261bn in the whole of 1980, Finance Ministry officials said in Tokyo. The number of issues in the first half was 18, against 14 in all 1980.

The officials ascribed the increase to the relatively low level of Japanese interest rates compared with those in the U.S., West Germany and other capital markets abroad.

The January to June total comprised 11 publicly placed bonds, Y210bn and seven privately placed, worth Y67.50bn. With a larger number of issuers on the waiting list, Samurai issues will continue to come forward at the present monthly rate of about Y50bn for some time to come, according to the officials.

Companies and Markets

CURRENCIES, MONEY and GOLD

Dollar eases

The dollar lost ground in currency markets yesterday. After a quiet start in European centres, selling developed during the afternoon as U.S. centres entered the market, reflecting a continued decline in Federal fund rates and Euro-dollar rates.

Sterling benefited from the dollar's decline and made gains against some European currencies aas well as against the dollar.

European currencies were little changed within the European Monetary System yesterday. The D-mark continued as the most improved currency followed by the Italian lira. At the other end of the scale the Belgian franc continued as the weakest member followed by the Irish punt.

DOLLAR — trade-weighted index (Bank of England) fell from 111.0 to 110.4. Euro-dollar rates were sharply weaker on technical considerations and showed a net fall of between ¼ and ½ of a point. The dollar fell to DM 2.4075 against the D-mark from DM 2.4470 and SwFr 2.0675 from SwFr 2.0920. It was also weaker against the yen at Y230.5 compared with Y231 and finished at FFr 5.7275 against the French franc after FFr 5.8040.

STERLING — trade-weighted index (Bank of England) rose to 92.4 from 92.0, having stood at 92.3 at noon and 92.4 in the morning. Against the dollar it was quoted at a low of $1.8730 early in the morning but had rise nto $1.8825 by noon. During the afternoon it touched a best level of $1.8950 and closed at $1.8900-1.8910, a rise of 2.8c.

D-MARK — Strongest member of the European Monetary System but still weak against the dollar despite central bank support and a fall in some U.S. interest rates. A reduction in Germany's large balance of payments deficit later this year, reflecting the better competitive position of German exports, may assist a recovery as long as U.S. rates do not show a further rise —The D-mark was slightly firmer at yesterday's fixing in Frankfurt. The dollar fell to DM 2.4275 from DM 2.4478 and the Bundesbank sold $23.8m at the fixing. The Dutch guilder fell to DM 89.8150 per DM 100 from DM 89.9050 and the French franc was lower at DM 42.0850 per FFr 100 compared with DM 42.10. On the other hand sterling recovered to DM 4.5580 from DM 4.5530 and was quoted later at DM 4.5600. The dollar continued to fall during the afternoon being quoted after the fixing at DM 2.4200. This tended to reflect the easier trend in U.S. interest rates.

BELGIAN FRANC — Still the weakest member of the EMS but placed within its divergence limit, reflecting current weakness of the D-mark and higher Belgian interest rates. The franc has also received considerable support in the foreign exchange market — The Belgian franc showed mixed changes at yesterday's fixing in Brussels but showed a slight improvement within the EMS. The dollar was fixed lower at BFr 39.7950 compared with BFr 40.11 on Tuesday and the French franc eased to BFr 6.8995 from BFr 6.9037½. On the other hand the D-mark was higher at BFr 16.3925 up from BFr 16.3910 previously and close to its ceiling of BFr 16.3955. However the weakness of the D-mark elsewhere helped the Belgian franc to maintain its position despite losing further ground against the German unit later in the day. Latest figures released by the Belgian National Bank showed that some BFr 4.5bn was spent by the authorities last week *defending* the Belgian franc. Although considerable, this was less than the BFr 11bn spent during each of the two preceding weeks.

THE POUND SPOT AND FORWARD

July 15	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.8730-1.8950	1.8900-1.8910	0.70-0.80c dis	−4.76	2.13-2.23dis	−4.61
Canada	2.2520-2.2760	2.2730-2.2740	1.20-1.30c dis	−6.60	3.15-3.30dis	−5.67
Nethlnd.	5.06-5.09½	5.06¾-5.07¾	½-¼c pm	0.89	2-1 pm	1.18
Belgium	74.50-74.95	74.55-74.65	33-48c dis	−7.09	93-103 dis	−5.25
Denmark	14.24-14.31	14.24-14.25	6½-7½ore dis	−5.90	16½-18 dis	−4.84
Ireland	1.2470-1.2530	1.2485-1.2495	0.16-0.31p dis	−2.35	0.68-0.83dis	−2.42
W. Ger.	4.54-4.57	4.55-4.56	½pf pm-par	0.66	1½-½ pm	0.99
Portugal	120.50-121.90	121.50-121.70	45-100c dis	−7.15	130-285 dis	−6.82
Spain	182.00-183.00	182.50-182.70	60-95c dis	−5.09	225-280 dis	−5.53
Italy	2270-2280	2278-2280	34-38 lire dis	−18.43	90½-93½dis	−16.15
Norway	11.40-11.47	11.46-11.48	½ore pm-½ dis	−0.13	2¾-1½ pm	0.74
France	10.81-10.87	10.82-10.83	9½-10½c dis	−11.09	26-27 dis	−9.79
Sweden	9.67-9.73	9.71½-9.72½	1¾-2½ore dis	−2.62	4½-5½ dis	−2.08
Japan	430-438	435½-436½	2.30-2.00y pm	5.92	6.70-6.35 pm	5.99
Austria	31.85-32.30	32.25-32.30	2gro pm-3 dis	−0.18	9 pm-1 dis	0.49
Switz.	3.89½-3.92½	3.90½-3.91½	1¾-⅞c pm	3.45	3¾-2¾ pm	3.45

Belgian rate is for convertible francs. Financial franc 78.35-78.45. Six-month forward dollar 3.55-3.65c dis, 12-month 5.10-5.30c dis.

THE DOLLAR SPOT AND FORWARD

July 15	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.8730-1.8950	1.8900-1.8910	0.70-0.80c dis	−4.76	2.13-2.23dis	−4.61
Ireland†	1.4990-1.5720	1.5100-1.5120	0.25-0.35c dis	−2.39	0.75-0.85dis	−2.13
Canada	1.2025-1.2055	1.2038-1.2042	0.03-0.06c dis	−0.45	0.25-0.30dis	−0.91
Nethlnd.	2.6820-2.7045	2.6820-2.6870	1.35-1.25c pm	5.79	4.00-3.90 pm	5.86
Belgium	39.44-39.83	39.44-39.46	par-6c dis	−0.91	par-6 dis	−0.30
Denmark	7.5300-7.6155	7.5300-7.5400	0.55-0.80ore dis	−1.07	0.30-0.80dis	−0.29
W. Ger.	2.4050-2.4310	2.4070-2.4080	1.12-1.06pf pm	5.43	3.38-3.32 pm	5.56
Portugal	64.20-64.70	64.20-64.40	par-25c dis	−2.32	par-75 dis	−2.32
Spain	96.55-97.20	96.55-96.80	5c pm-5 dis	—	15-30 dis	−0.93
Italy	1207-1211	1207-1209	13-15 lire dis	−14.40	34-38 dis	−11.92
Norway	6.0500-6.0980	6.0500-6.0800	3-2½ore pm	5.43	8½-8 pm	5.43
France	5.7200-5.7800	5.7250-5.7300	3-3½c dis	−6.78	7-8 dis	−5.21
Sweden	5.1300-5.1620	5.1300-5.1400	1.10-0.90ore pm	2.33	3.25-3.05 pm	2.45
Japan	230.40-231.20	230.45-230.55	2.60-2.35y pm	12.62	6.40-6.25 pm	10.98
Austria	17.06-17.12	17.06-17.07	7.80-6.30gro pm	4.96	23½-19½ pm	5.04
Switz.	2.0670-2.0820	2.0670-2.0680	1.62-1.52c pm	9.11	4.30-4.20 pm	8.22

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency. July 14 UK† 1.8620-1.8630 (close).

CURRENCY MOVEMENTS

July 15	Bank of England Index	Morgan Guaranty Changes%
Sterling	92.4	−31.4
U.S. dollar	110.4	+5.6
Canadian dollar	88.2	−17.2
Austrian schilling	111.4	+21.0
Belgian franc	104.8	+9.0
Danish kroner	86.0	−11.6
Deutsche mark	116.5	+38.5
Swiss franc	137.0	+84.2
Guilder	107.8	+13.8
French franc	82.7	−11.2
Lira	57.4	−55.0
Yen	140.0	+34.5

Based on trade weighted changes from Washington agreement December, 1971. Bank of England Index (base average 1975=100).

CURRENCY RATES

July 15	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	12	0.610295	0.553518
U.S. $	14	1.13429	1.02899
Canadian $	19.09	1.36727	1.24065
Austria Sch.	6¾	19.5710	17.7552
Belgian F.	13	45.4964	41.2985
Danish K.	11	8.71588	7.89853
D mark	7½	2.77652	2.52000
Guilder	9	3.09037	2.80451
French Fr.	9½	Unavail.	5.95049
Lira	19	1384.12	1255.63
Yen	6¼	260.263	237.645
Norwgn. Kr.	9	6.93505	6.29691
Spanish Pts.	8	110.986	100.687
Swedish Kr.	12	5.88186	5.33531
Swiss Fr.	5	2.37271	2.15215
Greek Dr'ch.	20½	Unavail.	61.6159

OTHER CURRENCIES

July 15	£	$		£ Note Rates
Argentina Peso	8740-8760†	4643-4653†	Austria	31.85-32.20
Australia Dollar	1.6500-1.6540	0.8730-0.8735	Belgium	77.90-78.70
Brazil Cruzeiro	174.60-175.60	92.74-93.20	Denmark	14.20-14.35
Finland Markka	8.512-8.520	4.5145-4.5165	France	10.75-10.85
Greek Drachma	109.186-112.498	59.20-59.35	Germany	4.54½-4.58½
Hong Kong Dollar	10.74¼-10.75¼	5.6890-5.6920	Italy	2250-2280
Iran Rial	150.90*	81.20*	Japan	433-439
Kuwait Dinar (KD)	0.530-0.536	0.2831-0.2833	Netherlands	5.05½-5.08½
Luxembourg Frc.	74.55-74.65	39.44-39.46	Norway	11.36-11.48
Malaysia Dollar	4.4090-4.4190	2.3370-2.3400	Portugal	117½-121
New Zealand Dlr	2.2485-2.2535	1.1890-1.1900	Spain	176¼-182¼
Saudi Arab. Riyal	6.37-6.43	3.4090-3.4120	Sweden	9.63-9.73
Singapore Dollar	4.0575-4.0675	2.1515-2.1535	Switzerland	3.88-3.92
Sth African Rand	1.7300-1.7315	0.9150-0.9160	United States	1.87¼-1.88¾
U.A.E. Dirham	6.86-6.92	3.6710-3.6740	Yugoslavia	69½-74

† Rate given for Argentina is the commercial rate. The financial rate for sterling is 11,416-11,456 and for the dollar 6,050-6,100. * selling rate.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU July 15	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	40.7985	41.2883	+1.20	+1.30	±1.5361
Danish Krone	7.91917	7.89083	−0.36	−0.26	±1.6413
German D-Mark	2.54502	2.52011	−0.98	−0.88	±1.1386
French Franc	5.99526	5.98765	−0.13	−0.03	±1.3638
Dutch Guilder	2.81318	2.80579	−0.26	−0.16	±1.5159
Irish Punt	0.685145	0.690893	+0.84	+0.94	±1.6698
Italian Lira	1262.92	1255.64	−0.58	−0.58	±4.1116

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

EXCHANGE CROSS RATES

July 15	Pound Sterling	U.S. Dollar	Deutschem'k	Japan'se Yen	French Franc	Swiss Franc	Dutch Guild'	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	1.891	4.556	436.0	10.826	3.910	5.073	2279.	2.274	74.60
U.S. Dollar	0.529	1.	2.409	230.6	5.726	2.068	2.685	1206.	1.203	39.46
Deutschemark	0.220	0.415	1.	95.72	2.377	0.858	1.114	500.3	0.499	16.38
Japanese Yen 1,000	2.294	4.336	10.45	1000.	24.83	8.968	11.63	5227.	5.214	171.1
French Franc 10	0.924	1.746	4.208	402.8	10.	3.612	4.686	2105.	2.100	68.91
Swiss Franc	0.256	0.484	1.165	111.5	2.769	1.	1.297	582.9	0.581	19.08
Dutch Guilder	0.197	0.373	0.898	85.95	2.134	0.771	1.	449.3	0.448	14.71
Italian Lira 1,000	0.439	0.830	1.999	191.3	4.750	1.716	2.226	1000.	0.998	32.75
Canadian Dollar	0.440	0.832	2.004	191.8	4.761	1.720	2.231	1002.	1.	32.81
Belgian Franc 100	1.340	2.534	6.105	584.5	14.51	5.241	6.800	3055.	3.048	100

FT LONDON INTERBANK FIXING (11.00 a.m. JULY 15)

3 months U.S. dollars		6 months U.S. dollars	
bid 17 15/16	offer 17 15/16	bid 17 5/8	offer 17 3/4

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

EURO-CURRENCY INTEREST RATES (Market closing Rates)

July 15	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Belgian Franc Convertible	Japanese Yen
Short term	12¼-12½	17¾-18	16-18	11½-11⅝	½-1	11⅝-11¾	24-26	40-70	14-18	6-6½
7 days' notice	12⅜-12⅝	18-18¼	16-18	11⅝-11⅞	1¾-2¼	[illegible]	24-25	34-41	16-20	6¼-6½
Month	12 [illegible]	17¼-17½	18¾-19⅛	11-11⅛	8⅝-8¾	[illegible]	23-24	30½-32½	17½-18½	6¾-7
Three months	13½-13⅝	17 [illegible]	18⅝-19	12-12⅛	9⅛-9⅜	12¼-12⅜	22¾-23¾	29-30½	17¾-18¾	7 [illegible]
Six months	13⅞-13⅞	17 [illegible]	18⅛-18⅞	12-12⅛	9⅞-10	[illegible]	21⅛-22⅛	28½-30	18-19	7 [illegible]
One Year	13⅝-13⅞	16½-16¾	17½-17⅞	12-12⅛	[illegible]	[illegible]	19-20	27½-29	16¾-17¾	8-8¼

SDR linked deposits: one-month 15⅜-15⅝ per cent; three-months 15⅞-15[illegible] per cent; six-months 15[illegible]-15[illegible] per cent; one-year 14[illegible]-14[illegible] per cent.

ECU linked deposits: one-month 16-16⅛ per cent; three-months 16[illegible]-16[illegible] per cent; six-months 15⅞-16⅛ per cent; one-year 15[illegible]-15[illegible] per cent.

Asian $ (closing rates in Singapore): one-month 17¼-17½ per cent; three-months 17⅞-18 per cent; six-months 17[illegible]-17[illegible] per cent; one-year 16¾-16¾ per cent.

Long-term Eurodollar two-years 16-16¼ per cent; three-years 15⅞-16⅛ per cent; four-years 15¾-16 per cent; 15⅝-15⅞ per cent; nominal closing rates.

The following nominal rates were quoted for London dollar certificates of deposit: one-month 17.95-18.05 per cent; three-months 17.50-17.60 per cent; six-months 17.20-17.30 per cent; one-year 16.30-16.40 per cent.

MONEY MARKETS

London rates firm

Bank of England Minimum Lending Rate 12 per cent (from March 10 1981)

Conditions were comfortable in the London money market yesterday, although nervousness was again evident over the future trend in interest rates. The recent weakness of sterling remains a major concern, but the immediate situation has been helped by the downward trend in U.S. rates. Three-month interbank money in London rose to 13[illegible]-13⅞ per cent from 13⅛-13¼ per cent, while discount houses buying rates for three-month eligible bank bills firmed to 12[illegible]-13[illegible] per cent from 12[illegible] per cent.

Despite the fact that it was make-up day for the banks, money was in adequate supply and the authorities did not intervene.

Discount houses paid 11½-12 per cent for secured call loans for the most part, but if closing balances were taken late enough books were squared at 5-6 per cent. In the interbank market overnight loans touched a peak of 12½-12¾ per cent, before falling to 5-6 per cent near the close and finishing at 9-11 per cent.

Banks brought forward small run-down balances yesterday, and the market was also faced with a small number of maturing local authority bills in official hands. On the other hand Government disbursements outweighed *revenue payments to* the Exchequer by a moderate amount.

In New York Federal funds overnight money was easy at around 17 per cent in early trading, a fall of 3 percentage points from the same time last week.

In *Paris* call money was steady at 18¾ per cent, and period rates also showed little change.

In Frankfurt it was announced that the Bundesbank special Lombard facility remains open today at an unchanged 12 per cent. Call money eased to 11.90-12.00 per cent from 12 per cent yesterday, and term rates were quoted slightly lower for some periods than on Tuesday. Herr Hans Mathoefer, West German Finance Minister said yesterday that he is oposed to a concerted reduction of interest rates by members of the European Monetary System. Herr Mathoefer suggested that the French proposal for European countries to cut rates would probably lead to an outflow of funds from the D-mark to the dollar.

In Amsterdam call money rose *sharply to 11¼-11¾* per cent from 10½-11 per cent, and short-term period rates were firmer.

GOLD

Firmer trend

Gold rose $14 an ounce from Wednesday's close in the London market yesterday to finish at $414-416. It opened at $408-409 and rose gradually to be fixed at $412.25 in the afternoon. After the entry of New York the bullish trend continued, spurred on mainly by the dollar's weaker trend and a continued fall in U.S. interest rates.

In Paris the 12½ kilo bar was fixed at FFr 90,000 per kilo ($485.14 per ounce) unchanged from the morning fixing and compared with FFr 90,000 ($478.11) on Friday afternoon.

In Frankfurt the 12½ kilo bar was fixed at DM 31,940 per kilo ($409.00 per ounce) against DM 31,830 ($404.02) previously and closed at $411½-413½ from $400-402.

In Luxembourg the 12½ kilo bar was fixed at LFr 548,500 per kilo ($407.55 per ounce) against LFr 546,500 ($403.25).

In Zurich gold closed at $411-414 per ounce from $401-404 on Wednesday.

	July 15		July 14	
Gold Bullion (fine ounce)				
Close	$414-416	(£220-221)	$400-402	(£215-216)
Opening	$408-409	(£217¼-218)	$402-404	(£216-217)
Morning fixing	$408	(£217.171)	$403.25	(£217.151)
Afternoon fixing	$412.25	(£218.956)	$402.25	(£215.568)
Gold Coins				
Krugerrand	$429½-430½	(£226¾-227½)	$414-415	(£221½-223)
½ Krugerrand	$221¼-222¼	(£117-117½)	$213-214	(£114½-115)
¼ Krugerrand	$113-114	(£59¾-60¼)	$108½-109½	(£58¼-58¾)
1/10 Krugerrand	$46-47	(£24¼-24¾)	$44¼-45¼	(£23¾-24¼)
Mapleleaf	$419-422	(£221¼-223)	$403-406	(£216½-218¼)
New Sovereigns	$104-104½	(£55-55½)	$100¼-101	(£53¾-54¼)
King Sovereigns	$114-116	(£60¼-61¼)	$112-114	(£59½-60½)
Victoria Sovs.	$114-116	(£60¼-61¼)	$112-114	(£59½-60½)
French 20s	$110-115	(£58-60¾)	$106-111	(£57-59½)
50 pesos Mexico	$518-522	(£273½-275¾)	$498-503	(£267½-270¼)
100 Cor. Austria	$403-407	(£212¾-215)	$388-392	(£208½-210½)
$20 Eagles	$538-543	(£284¼-286¾)	$536-541	(£288-290¾)

LONDON MONEY RATES

July 15 1981	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount Market Deposits	Treasury Bills ♦	Eligible Bank Bills ♦	Fine Trade Bills ♦
Overnight	—	5-12¾	12¼-12¾	—	—	11½-12¾	5-12	—	—	—
2 days notice	—	—	12½-12⅝	—	—	—	—	—	—	—
7 days or...	—	—	—	—	—	—	—	—	—	—
7 days notice	—	12¼-12¾	12⅝-12¾	—	12⅞	12½-12⅞	11⅞-12	—	—	—
One month	12[illegible]-12⅞	12¾-12[illegible]	[illegible]	13[illegible]-13[illegible]	13⅛	13-13¼	12	12½	12[illegible]-12¾	13¼
Two months	13[illegible]-13⅛	13¼-13[illegible]	—	[illegible]	13[illegible]	13⅛	12½-12¾	12¾	13⅞-12[illegible]	13[illegible]
Three months	13½-13[illegible]	13[illegible]-13⅝	13⅝	[illegible]	13[illegible]	13[illegible]-13⅞	12[illegible]-12[illegible]	12⅞	12[illegible]-13[illegible]	13[illegible]
Six months	13[illegible]-13[illegible]	13[illegible]-13¾	13⅝	[illegible]	14	13⅞	—	—	12[illegible]-12[illegible]	13½
Nine months	13[illegible]-13[illegible]	13[illegible]-13[illegible]	—	14-13[illegible]	14[illegible]	14	—	—	—	—
One year	13¾-13[illegible]	13¼-13[illegible]	13[illegible]	[illegible]	14[illegible]	14½	—	—	—	—
Two years	—	—	14	—	—	—	—	—	—	—

Local authorities and finance houses seven days' notice, others seven days' fixed. Long-term local authority mortgage rates nominally three-years 14⅛ per cent; four-years 14¼ per cent; five-years 14¼ per cent. ♦ Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 12[illegible]-13 per cent; four-months trade bills 13⅛ per cent.

Approximate selling rate for one-month Treasury bills 12⅛-12¼ per cent; two-months 12⅞ per cent; three-months 12¾ per cent. Approximate selling rate for one-month bank bills 12[illegible]-12⅞ per cent; two-months 12¾ per cent; three-months 12[illegible] per cent; one-month trade bills 13 per cent; two-months 13⅛ per cent; and three-months 13⅛ per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 12 per cent from July 1, 1981. Clearing Bank Deposit Rates for sums at seven days' notice 9 per cent. Clearing Bank Rates for lending 12 per cent. Treasury Bills: Average tender rates of discount 12.7365 per cent.

MONEY RATES

NEW YORK

Prime rate	20½
Fed. funds	16⅞-17⅛
Treasury bills (13-week)	14.48
Treasury bills (26-week)	14.28
GERMANY	
Special Lombard	12.0
Overnight rate	11.98
One month	12.75
Three months	12.55
Six months	12.35
FRANCE	
Intervention rate	18.25
Overnight rate	18.75
One month	18.25
Three months	17.25
Six months	16.75
JAPAN	
Discount rate	6.25
Call (unconditional)	7.375
Bill discount (three-month)	7.46875

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FINANCIAL TIMES SURVEY

Thursday July 16 1981

Spanish Industry

A mood of optimism is beginning to take hold in Spain. Activity is expected to pick up at the end of the year and the Government has approved a decree on industrial restructuring. But Spanish industry faces a formidable challenge of transformation.

Pragmatic leadership changes climate

By Robert Graham
Madrid Correspondent

MOODS CHANGE so fast in Spain. Little more than a month ago, the country was still engulfed in an all-consuming pessimism that reflected the traumatic experience of the abortive February coup.

The prevailing feeling was that the coup attempt had condemned Spain to a nether world between a European democracy and a banana republic, with the military permanently poised to destabilise and the economy in the doldrums. But now there is a sudden swing of the pendulum towards optimism.

The Government of Sr Leopoldo Calvo Sotelo, which had the unenviable task of assuming office in the wake of the coup attempt has "made it" to the summer holidays. And the summer break should give Sr Calvo Sotelo enough breathing space until the end of the year. On the economic front, ministers believe that there is light at the end of the tunnel. By 1982 the recession will have bottomed out.

This mood of optimism has yet to have a solid *foundation.* Few of the fundamental political problems which led to the abortive coup or which were created by it have been tackled. Moreover, the economic indicators show that the four-year-old recession is by no means over. Yet to knock such optimism, when Spain these days needs to regain its self-confidence, is perhaps churlish. Greater self-confidence is itself a necessary *precondition* for dealing with the country's political and economic problems.

In just over 100 days of office, Sr Calvo Sotelo has shown a new, more pragmatic style of government. He is a man with a keen eye for the right public gestures—a curious paradox in one with such an uncharismatic appearance. Also for the first time since the recession began almost five years ago, *Spain has a leader who under*stands economic issues and retains close touch with the business world.

These factors have been significant in changing the climate. Further, without in any way confronting the basic issue of the role of the military in Spanish society, Sr Calvo Sotelo has acted—jointly with the opposition Socialist Party—to settle matters which have antagonised the military. This includes a rationalisation of the granting of regional autonomy and a crack-down on terrorism. The Government and the opposition, fearful of provoking the military, are conducting concensus politics to consolidate democracy.

One of the most outstanding examples of this has been the signature of a social contract between the Government, the main trades unions, and management. In return for the unions accepting a cut in real incomes *of over 2 per cent* for 1982 the Government agreed to create 350,000 new jobs. The unions made some surprising concessions. They dropped claims to lower the working week and cut overtime, while the commitment for job creation by the Government is pretty vague. The form of the agreement is probably more important than the substance, but employers now say that they can *plan more effectively* for 1982, knowing that the wage band will be 9-11 per cent.

Investment

This, coupled with a slight *easing of the burden of social* security payments for employers (a major complaint), should encourage the private sector to think once again of investment. Investment should be more attractive for two reasons, officials argue.

Firstly, there will be an inevitable pick up in activity towards the end of the year, certainly in 1982, as a result of a number of major investment projects gathering momentum. These are the acceleration of the construction of seven coal-fired power stations and work on three nuclear power complexes — the operation of a four-year telecommunications investment plan, with special expenditure for the 1982 World Cup in Spain — a *massive* 10-year railways modernisation costing \$13.5bn — and a new Government low-cost housing development plan.

Together these investments will stimulate the depressed construction industry and fill out the slim order books of the capital goods manufacturers who have had a desperate past five years.

Secondly, the Government approved last month *a decree* on industrial restructuring. This decree provides a much needed juridical, operational and financial *framework*, to tackle the various industries in crises, whether private or public sector. The industries immediately affected include domestic appliances, special steels, integrated steel, shipbuilding, shoes and textiles. The basic problems facing industries *like steel and shipbuilding have* been over-capacity, lack of co-ordination, inadequate financial structuring and overmanning.

In more traditional industries like textiles and shoes the problems stem from lack of investment in new technology, a mass of small splintered companies, poor marketing and increasing inability to compete against Third World products.

Both the government and the companies have been slow to tackle the problems: the government because of frequent changes (there have been four industry ministers in less than five years) and administrative torpor and the companies because they have looked too much for a lead from the government.

More often than not, movement has been so slow that *by the time plans come to be* discussed the original projections need redoing.

Integrated steel has been under reorganisation for five years but a financial agreement was only reached three months ago and investment plans are still not agreed. Reorganisation of the textiles industry, employing 400,000 persons, is a good six months behind schedule. Agreement was reached two *years ago on restructuring the* two major shipyards but this has been subsequently renegotiated and is not finalised. The hard pressed shoe industry, covering some 12,800 companies and employing 56,000 people, has been pleading for help for 18 months and only last month a provisional plan was drawn up.

Of course when sectors are made up of many small companies, it is not so easy to arrange an agreement. However, all the industries singled out for reorganisation are vital and employ directly and indirectly over a million people. Time is important given Spain's *impending EEC membership.* Partially out of uncertainties like these, the private sector has not invested in new plant since 1974.

Other excuses have been variously the political situation, the energy crisis, the recession, strict hire and fire laws and the high cost of credit. By now industrialists have more or less learned to live with the first three. The hire and fire laws have also been altered, but credit problems remain and there is no sign of investment *confidence.*

Sercobe, the association which represents the entire capital goods sector, has just published its annual report, an unending catalogue of woes.

Orders are down 35 per cent on five years ago. At the start of the recession in 1974, wages represented 35 per cent of turnover. The percentage has now risen to 70. Wage costs have gone through the roof. Ten *years ago local goods supplied* 64 per cent of the market. The level has fallen to 43 per cent with an especially sharp rise in imported goods last year. Bankruptcies and temporary receiverships have afflicted many members. Most companies have far too low a level of self-financing. Survival has been possible largely through switching to exports, which now represent 53 per cent of production against only 14 per cent a decade ago.

Other complaints include the system whereby it is the supplier rather than the purchaser who has to find sales credit. And it is the supplier, in the case *of the virtually bankrupt* steel industry, who is the last to get paid.

Perhaps some of this can be discounted as self-interested lobbying, but it nevertheless underlines the state of disarray of an important sector of industry which is not looking at the future through rose-tinted glasses. Wage costs, which have risen well above the OECD average in the past five years, have had a dramatic effect on the competitiveness of Spanish industry. Spain is pricing itself out of the market.

The challenge facing Spanish *industry is a formidable one of* transformation. Having grown up on low indigenous technology of intermediate imported technology, production has been labour-intense. To survive, industry needs to switch to more capital-intense production with a higher technology content. This change is being approached either via closer association with foreign partners or through concentration of companies or closer co-operation between companies like the current talks between the two privately-owned chemical/refining groups ERT and Cepsa.

However, the penetration of foreign capital and control of certain sectors of industry, like automobiles, pharmaceuticals and foodstuffs, is moving ahead much faster than the process of consolidation of Spanish companies.

REAL WAGES IN INDUSTRY
(Percentage)

	Annual average rise 1965-72	Fluctuation Dec 73-Dec 78	Dec 78-Dec 80
U.S.	1.8	−0.4	−7.7
Japan	7.3	8.1	1.0
Germany	5.7	19.6	1.6
France	4.6	20.7	3.4
UK	2.8	6.0	2.0
Italy	7.2	25.9	2.7
Belgium	5.7	21.2	4.9
Netherlands	4.3	12.0	−3.0
Sweden	4.7	7.4	−3.3
Spain	7.9	47.0	7.6

Source: BIS

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SPANISH INDUSTRY II

Higher investment a principal plank

PUBLIC SECTOR

ROBERT GRAHAM

BOOSTING PUBLIC sector investment is one of the principal planks of Government economic policy. Although the public sector in Spain has less weight in GDP than the European average, the authorities believe that accelerated investment will have a substantial impact in stimulating demand and acting as a catalyst for economic recovery.

In terms of industrial investment, the main instrument is the State holding company, INI. But it is not exclusively so, and as a result of the hiving-off of its hydrocarbon activities in April, another important State group, INH, has been formed to cover this sector. Additionally there are the national railways, Renfe, and the telephone monopoly, Telefonica, which though half owned by private capital is regarded as the public sector. The combined investments of all these will be over $5.6bn or equivalent to almost two-thirds of all industrial investment in Spain.

The hiving off of INI's hydrocarbon interests has been the biggest reorganisation of its activities since the holding company was founded on the model of Italy's IRI in 1941. Five companies have gone to help form INH, covering oil and gas exploration, production, transport and refining plus petrochemical and chemical activity. The companies concerned are Butano, Enagas, Iniepsa, Enpetrol and Hispanoil, whose fixed assets represented about 15 per cent of INI's total. INI has, in fact, lost its best cash flow companies, especially Enpetrol, thus leaving its loss-makers more exposed.

The break-up had been under consideration for some time. The aim has been to create a more rational public holding of energy interests, grouped round the new INH, which has also had transferred to it the activities of the petroleum distribution monopoly, Campsa. The Government felt that to have created a consolidation of State hydrocarbon interests within INI would have merely complicated matters. Like this, INI is freer to concentrate on improving those loss-making sectors and at the same time devote more attention to new areas of activity.

Meanwhile, INI retains residual energy interests via its continued control of the two utilities, Enher and Endesa, with special reference on the nuclear cycle as its uranium mining, purchasing and processing company, Enusa, also remains.

Wide spectrum

Prior to this hiving off, INI wholly owned 80 companies, with a majority stake in 67 plus a controlling interest in a further 137: combined, these companies accounted for 8 per cent of industrial output, 28 per cent of industrial investment, 14 per cent of industrial exports and employed 240,000 people, equivalent to 6 per cent of the industrial workforce.

Even despite the loss of these five companies, INI activities cover an extraordinarily wide spectrum of activity. However, this activity does not reflect any coherent strategy of sectorial involvement. In some instances it reflects the Government of the day's desire to promote specific industries—eg, INI's presence in the first volume saloon car production, Seat.

Others, like the massive loss-maker, the coal group Hunosa, have been much more a case of INI acting as a sort of glorified dust-bin into which the private sector could off-load its loss-makers.

Over the years, INI has thus become involved as much through political force majeur—the need to bail out private capital or protect employment. This has given it a poor public image and absorbed perhaps overmuch managerial attention in the loss-makers to the detriment of new areas of business.

Since 1978 when Sr Jose Miguel de la Rica was brought in as president, a good deal of this has changed. He tried to dispel the idea of INI being an industrial hospital, tightened up on financial control and laid down a set of broad strategic objectives. Since May, INI has been headed by a new president, former Industry Minister, Sr Carlos Bustelo, who is continuing these objectives.

INI activity is now divided into four main categories—energy, industries under reconstruction, expanding industries, and services.

The energy category, drawn up before the hiving-off of the hydrocarbons companies, still holds good—and indeed INI intends to play an ever bigger role in nuclear power in an integrated operation from using INI capital equipment companies, to uranium interests, plus its two utility companies. It also is actively promoting alternative energy development, especially solar energy.

The industries under reconstruction are mainly steel and shipbuilding.

Thirdly, there are the expanding industries. Here INI has drawn up a list of strategic areas which include mining, the food industry, electronics, electronic medical equipment, bio-engineering, mineral handling equipment, fine chemicals and defence.

INI believes that it can act as a catalyst in attracting new investments in these fields because it has full government backing and can draw on a wide range of financial resources.

But it remains important to define the limits of the public sector. Lack of definition between public and private enterprise has come up in the restructuring of the steel industry where, of the three integrated producers, two are INI controlled. The remaining private one, Altos Hornos de Vizcaya (AHV), is heavily in debt to the state through unpaid social security contributions and tax arrears: so much so that some even regard it as eeffctively state-controlled.

AHV is considered more efficient than the main INI steel company, Ensidesa—therefore does the latter still get the bulk of new investment? Can it undercut AHV prices?

Unresolved

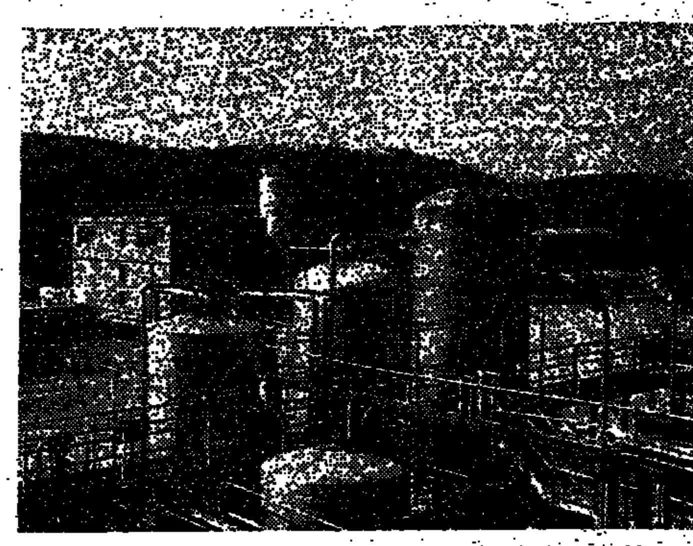
These are problems as yet unresolved, and stem from the Government's desire not to be seen to nationalise—a word incidentally that is never used. As the steel sector has to co-ordinate closely to survive, it would have been logical to take over AHV as well.

The same is true in a very different way with the monopoly Telefonica. Telefonica runs a public service and is part state controlled. But it has been traditionally run by its private shareholders with the state playing a back-seat managerial role. Thus dividends have been more important than investment and there has been a continued seemingly illogical separation from some basic communications, activity carried out by the Post Office.

Lack of respect for the public sector has further meant that institutions like Renfe, which employs 70,000 people, have thrived or wilted according to the political weight of their bosses.

A powerful private road transport lobby and a generalised lack of interest in the railways over the past decade has had enormously damaging consequences on the maintenance and development of rail transport. Yet development of the railways is an important source of orders for capital equipment, raw materials and generally generating jobs, quite apart from the cheapness of rail transport and its energy saving capacity. Only recently has this sunk home.

It is significant that the 1981-92 Renfe investment programme of Pta 1,228bn ($13.6bn) will generate 48,000 direct jobs and, per year indirectly, at the rate of 65,000. This massive modernisation programme could have come much sooner.



The Mevisa chemical plant in Catalonia, 95 per cent owned by ICI, produces textiles, dyestuffs, resins and chemicals for the paper industry

Liberalised system reduces cheap credit

FINANCE

ROBERT GRAHAM

ONE OF the most frequently heard complaints from industrialists is the lack of medium and long term finance. A poorly developed capital market, the unwillingness of the private banks to become involved in term operations and the general high cost of borrowing are cited as a major handicap for industrialists. Indeed a good many contend that these factors are the main single impediment to stimulating investment.

While such complaints have a foundation, this tends to be only one side of the coin. What the industrialists generally omit to mention is that the financial system is liberalising. This is in turn reducing the amount of cheap credit available. At present only 15 per cent of total banking system credit is for more than 18 months.

Spanish industry has traditionally funded investment in four main ways—the system of "privileged circuits," loans from banks that have usually taken equity stakes in the company project, official credit, and the stock market issuing shares and bonds related to the privileged circuits.

The latter has been so christened because of the privileged nature of the funds obtained, and refers to funds compulsorily taken from the private banks and the savings banks and placed in officially directed investments at low fixed rates of return.

This system was the principal motor for funding industrial investment in the sixties through to the late seventies, and still plays an important role. But in 1977 a move was made progressively to reduce the percentage of deposits the banks and savings were obliged to set aside. Since then the proportion of commercial bank funds affected has dropped from 25 per cent to almost 21 per cent, and in the case of the savings banks it has dropped from 64 per cent to 47 per cent.

Utilities

The number of companies which could benefit from such cheap funds has also been sharply reduced. Effectively, the beneficiaries are now limited to the utilities, the national telephone monopoly Telefonica, the railways, Renfe, and the INI group. The authorities have no intention of eliminating the system in the near future but will continue gradually to reduce its significance, also pushing interest rates closer to market rates.

The average return to the banks on such funds in now around 7.5 per cent and for the borrower the cost is around 10 to 11 per cent. However, the persistence of such a system is seen as unhealthy by the more outspoken proponents of financial liberalism. They argue that these artificially low interest rates are nothing less than a disguised subsidy which, if continued, act as a negative influence on the modernisation of management. If a subsidy is to be paid then it should be via Parliamentary procedures and the companies be publicly accountable.

The progressive reduction in the resort to privileged circuits had a traumatic effect on many managements because it came at a moment of industrial recession and rising labour costs. The existence of cheap credit enabled many companies in the period 1973-76 to buy industrial peace through high wages.

Thus when credit suddenly became scarce and more expensive in 1977, alongside a deepening recession, the effect on company finances was dramatic. Financial costs shot up but cash flow remained static or dropped.

Taken together these various elements have caused an important change in the industrial finance scene. Traditionally the private banks acted as major instruments of economic development — and were often suppliers of credit and equity partners in ventures.

Until 1962 there was in fact no distinction between the various activities of a bank with the commercial banks acting also as merchant-investment banks. Then in 1962 the banks were given the option of choosing between calling themselves industrial or commercial banks. Most chose to call themselves commercial banks but the larger ones also set up industrial arms. Today, of the 26 industrial banks, only two of note are effectively independent of other banks. These are Banco Urquijo and Bankunion, and Urquijo has a cross share relationship with one of the leading Spanish commercial banks, Hispano-Americano.

Those that chose to be industrial banks were not allowed to undertake commercial operations except with companies in which they held a sizeable stake. However, unlike the commercial banks they could issue bonds which enjoyed certain tax benefits and which were exempt from inclusion in the ratio of funds obliged to be placed with the Bank of Spain.

The serious recession of the past four years, coupled with liberalisation has eroded the distinction between the two types of bank. The banks have had to make formidable portfolio write-downs of Pta 60bn (£324m) and provision for doubtful credits of Pta 160bn totalling $2.5bn over the past four years, a good part being in industrial ventures.

This has made them more wary of risk and turned against the former concept of equity participation. It has also forced them to devote much time to existing clients, especially those in which they have equity stakes, rather than new industrial clients. Those banks previously called industrial, such as Urquijo and Bankunion, are dropping the name and diversifying into retail business.

While the purely Spanish banks have tended to shy away from term lending to industry, the foreign banks operating on tighter and more efficient cost margins have helped fill at least part of the demand for term credit.

Another effect of the recession and high interest rates has been the drying up of the stock markets as a means of raising capital. Since 1977 the stock markets have not been regarded as a significant source of capital. Dividends have been below the returns paid on deposits and the list of industrial companies quoted has been virtually unchanged.

Meanwhile a growing bond market favours the larger companies and more especially the state owned companies and utilities. The purchasers of the latter bonds enjoy special tax reductions. In the case of bonds there has been a change in the maturities on offer, the terms being much shorter.

Since 1977 the number of industrial concerns that could issue bonds, which the banks could count as a part of the percentage of funds they were obliged to set aside for officially directed investment, has dropped dramatically. In 1977, 39 per cent of all fixed interest securities were issued by industrial concerns. Last year the proportion dropped to 3.6 per cent. In contrast the percentage enjoyed by the utilities had risen from 27 per cent to 74 per cent. This is yet another example of the changes that have occurred.

Both banks and companies have learnt much during the past four years, and as a general rule company finances are better organised and in a healthier state as a result of these changes.

Next year's wage rise to be kept below inflation rate

INDUSTRIAL RELATIONS

JANE MONAHAN

ON JUNE 9, Spain's leading trade unions—the Socialist Party allied General Workers Union (UGT) and Communist-controlled Confederation of Workers Commissions (CCOO) —signed a broad social pact with the Government and the employers' federation (CEOE).

The pact is the first since democratic elections in 1977 that formally establishes that wages cannot continue to grow in real terms so long as the economic crisis persists.

The agreement spells out that in 1982, pay rises will be kept two percentage points below the rate of inflation. It fixes a band for wage increases in the private sector of 9-11 per cent and places a 9 per cent ceiling on pay rises in the public sector. Lower increases are accepted for those employed in companies facing losses or simply facing slack order books.

However, one concession for the unions is that wages may be topped up at half year if accumulated inflation during the first six months of 1982 exceeds 6.69 per cent. The CEOE originally sought a band for pay rises of no more than 8-10 per cent and it did not want these to be tied to inflation at all.

Nonetheless, the final figures do represent an improvement for Spanish companies and an important change in union negotiations.

Throughout the 70s, wages increased significantly in Spain and, according to the Central Bank, in 1979 and 1980 when the recession really began to hit the country, industrial wages rose 7.6 per cent in real terms compared with an average 0.25 per cent in industrialised nations. Against this, it is worth pointing out that Spain entered the 1970s with wages at relatively low levels and despite the recent rapid increase in real wages, labour costs in Spain are still lower than comparable figures in most other European countries.

Dent

A partial dent in the trend was established early last year. The UGT union and the CEOE signed an exclusive two-year wage and work conditions agreement which accepted that that part of inflation directly attributable to increased energy costs would be discounted from wage negotiations.

When it came to reviewing the salary aspects of this agreement this year the UGT and employers fixed a band of 11-15 per cent for pay rises, which effectively kept wages below the rate of inflation.

However, what differentiates the June agreement is not just that the principle of lower wages has been formally accepted. It is also the first agreement since 1977 in which employment was included in negotiations. It is also the first social pact since 1977 in which the Government and the CCOO were also involved.

The pact was drawn up against the background of the abortive military coup on February 23 and with the prospect of general elections in March 1983.

The Government called for the negotiations immediately after the coup attempt for political reasons. By proposing tripartite talks, Prime Minister Leopoldo Calvo Sotelo sought to dilute demands by the Socialist Party for a coalition government.

The Government was also aware that the preoccupation with law and order among dissident army officers highlighted by the abortive coup, did not just apply to Basque terrorism but to the general situation in Spain — rising unemployment, industrial unrest and regional autonomy. In these circumstances when the agreement was signed, relief was palpable.

The CCOO was the other principal supporter of the negotiations, though for different reasons. Works council elections held last year showed that the UGT's policy of negotiation and collaboration with employers had won favour with workers. In fact the UGT made considerable gains in the elections, winning 29 per cent of all delegates compared with just 21.6 per cent in the first democratic union elections in 1978.

In contrast, the CCOO saw its position decline from 34.5 per cent of all delegates in 1978 to 30 per cent in 1980. This was chiefly because the union had continued to place emphasis on a policy of militant strike action aimed at maintaining the purchasing power of wages. CCOO officials now openly admit that this policy was a mistake when the main concern of workers was switching from crude wage demands to job creation and protection.

As a result, what the CCOO feared most was the possibility of another UGT-CEOE accord in 1982 in which, for the third year in succession, there would be continued divisions in the labour movement, the CCOO would again be excluded from the negotiating table, and employment would still not be an issue in negotiations.

This last was the only point that had the support of the UGT. UGT leaders were reluctant to see their union lose the protagonism it had won with the CEOE accord, when the UGT established itself as a negotiating partner on its own, but they realised that there was a need for joint action with the CCOO on employment.

One of the UGT's main interests in the negotiations was electoral. This became evident when the UGT was the only party in the negotiations to insist on a one year duration for the agreement. The reasons for this centred on a Government pledge that there would be no further deterioration in the unemployment situation between the time of signing the pact and the end of 1982. To ensure this, the Government promised to create 350,000 new jobs.

However, the UGT union is fully aware that should the Government fail to meet this commitment, then the Socialist Party, the second biggest party in parliament, will be able to exploit this failure in the 1983 elections.

How the Government is going to fulfill this promise, and when, is the agreement's biggest imponderable. The trends are not encouraging. On June 16, just one week after the pact was signed, the National Statistical Institute announced that the number of unemployed in the first quarter of this year had grown 7.5 per cent over the past three months of 1980 and that there was a further drop in the active population of 0.05 per cent.

This brought the total number of unemployed in Spain up to 1.7m, 13.5 per cent of the active population, and reflected a further permanent loss of 98,000 jobs in the first three months of this year, on the heels of a loss of 385,000 jobs in 1980.

One point obtained by the employers in the agreement is that the state will increase its contribution to social security, which now represents about 12 per cent of all contributions, in 1982 by Pta 150bn. This will bring the Government's share of social security costs up to around 15 per cent and will cover a reduction in CEOE contributions. Employers had for long maintained that high social security costs were a disincentive to employment and a drag on economic growth.

PRODUCTION INDICATORS

	1978-79	1979-80	1980-81
Industrial Production Index	0.4	1.4	—
Electricity Consumption Index	6.9	3.4	0.2†
Primary Energy Consumption Index	4.1	−0.3	—
Plant productivity	80	79	—

† Until April.

Source: Bank of Spain

The CEOE is also convinced that the agreement will ensure a further year of industrial peace.

The results of the first year of the CEOE-UGT accord show that this type of negotiation was highly successful. In 1980 roughly 63 per cent of all wage contracts in the private sector fell within the agreement, and man hours lost through strikes, which had been rising steadily in previous years, fell 36.5 per cent to 108,625,662 in 1980.

This year, following the February abortive coup, the quiescence of Spanish unions has been striking. The CEOE spokesman claim that the level of strike activity in Spain is now the lowest in the whole of Europe and in the month of April there was a 68 per cent decline in the number of hours lost through strikes compared with April 1980.

The weakness of the agreement is that it has not been accepted by the Basque union, ELA-STV, which won 25 per cent of all delegates in the Basque country in the union elections, making it easily the strongest union in this area.

Critical

Also, the Catalan Federation of the CCOO union, the most important branch of the union, at first opposed the agreement by 228 votes to 55. Later, the Catalan Federation accepted the agreement but from a critical position. The attitude of the CCOO of Catalonia will depend to a great extent on whether all the aspects of the agreement are fulfilled.

In this context, the decision to set up a tripartite commission representing the unions, employers and the Government, whose task will be that of watching the application of the agreement, is considered an improvement on previous pacts, along with the decision to allow unions to be represented in all organisations dealing with employment, industrial accidents, industrial disputes and unemployment assistance. Up to now these organisations have been run exclusively by the Government.

The other bonuses for the unions are however limited. The agreement establishes that the minimum wage will be raised this year, retroactive to April 1, and that it will be reviewed again in January 1982. Before this, the minimum wage had not increased since June 1980. The agreement also goes some way towards introducing disincentives for overtime work. However two other points long cherished by the unions as a way of creating jobs—the lowering of retirement to 64 years, and the reduction of the working week—have been either fudged over or completely lost.

Special fund

On the other hand, the Government and employers commit themselves to doing something about groups of people who are now suffering most from unemployment. To help seasonal workers in the tourist industry and in construction, for instance, a special fund of Pta 15bn is going to be set up in 1982, 40 per cent financed by the Government and the rest by employers.

In addition, to help young people seeking jobs for the first time, who now represent 56 per cent of total unemployment, the CEOE has agreed to contract university graduates for courses of professional training. There is no commitment, however, to provide graduates with permanent jobs.

Thirdly, the Government is going to spend Pta 20bn in 1982 on community employment funds and it has pledged to reform the system. These funds are now distributed to landless farm labourers in southern Andalusia and Extremadura.

Finally, a new decree fleshing out the Labour statute approved in Parliament in 1979 will provide incentives to companies to employ workers with large families to support.

According to this decree, when companies employ people and are no longer receiving unemployment assistance, employers will be exempt from paying up to 50 per cent of the quotas for social security in those cases when the work contracts are granted for six months or more, and the exemption will rise to 90 per cent with contracts lasting for over one year. To cover these exemptions the Government is going to set aside a further Pta 14bn.

Most of the workers affected by these measures are not now unionised. In fact, after an outburst of worker enthusiasm when the unions were made legal in 1977, they managed to organise about 20 per cent of the workforce, but by 1980 it was apparent that most, if not all the unions, were losing members, especially dues-paying members. The union elections also showed that 17 per cent of al delegates elected were non-affiliated.

In this situation, while the Government has still not given up the idea of creating a third non-Marxist union movement, in spite of a failure to do so last year, there are signs that it is concerned with the growing weakness of the UGT and CCOO.

The first indication of this came in April, when the CCOO obtained a loan for Pta 280m backed by the official credit bank, Banco Exterior. Then, one day after the June pact, the news leaked out that the Government had agreed in separate negotiations to pay the unions Pta 2.4bn over the next three years in compensation for the confiscation of union properties during General Franco's dictatorship. This had been a key issue with the unions ever since 1977, but the Government had never shown any willingness to resolve it until then.

Breakthrough

The consolidation of Spain's union's in the future will depend not just on how the social pact holds up but also on the development of two decrees which were recently announced. These allow employers to contract workers on a part-time basis for short periods (one to six months) and are aimed at relieving unemployment.

However, employers see the decrees as a major breakthrough that will make existing hire and fire laws much more flexible, especially as the new contracts raise the possibility of dismissals without the need to pay compensation. Up to now, compensation regulations have been a big disincentive to lay-offs and in some cases employers have had to pay as much as Pta 1m for each worker dismissed.

The unions are particularly concerned. They fear that the CEOE may use the new system to avoid giving workers contracts for fixed employment. One union leader estimates that in 1982 as much as 40 per cent of the workforce could be employed in the new way.

To prevent this, the unions are now trying to establish that the new decrees reflect a special situation and that they may not be applied indefinitely. They also want to oversee the application of the decrees. However, the outcome of these negotiations is uncertain.

Consistent demand provides protection against inflation

FOOD
JANE MONAHAN

THE SPANISH food industry—covering dairy products, alcoholic and non-alcoholic drinks, biscuits and confectionery, diatetic foods (soluble coffees, soups), sugar, meat and fish products, and tinned fruit and vegetables—is one of the new industries in the country that had a positive growth rate in 1980.

The value of its production now represents roughly 8.5 per cent of the value of all industrial output and it is the third biggest employer in the country, after metal industries and construction. Because the industry's energy consumption is low and because the demand for food products tends to be stationary, it is also a sector that withstands the recession well.

Against this, the industry has two big handicaps. First it is highly atomised and there are now as many as 64,500 companies in the sector of which 75 per cent are uneconomic family units employing fewer than five workers. Secondly, Government policies towards the sector have been characterised either by neglect or by excessive intervention.

Examples of the former are inadequate health controls, highlighted by the recent illegal trafficking of 100,000 litres of toxic combinations of oil, sold as edible oil, which resulted in 46 deaths in May and June; the absence of any effort to develop a home-based technology, the absence of any attempt to stimulate employment, and above all a total lack of incentives to encourage the fusion of small companies to make them into more economically viable units.

There is in fact no overall policy for the industry. One of the most remarkable features of the Spanish economy is the absence of any official organisation co-ordinating and integrating the production, industrialisation and marketing of foods. On the other hand, one example of Government intervention is the continued system of price fixing which applies to most products in this sector.

A direct consequence of all these ills is that apart from one or two leading companies in each sector, the industry is under-capitalised and uncompetitive. This is not just because of inflation and the growth in labour and financial costs. It also reflects inability to adapt to changing consumer habits.

One example is what happened to Lactaria Castellana, one of 18 companies in the industry in which INI, the state holding company, has a majority stake. The losses of this company last year amounted to Pta 280m, blamed by INI on rising labour costs. However, another reason was a mistaken sales policy—continuing to produce bottled milk at a time when the demand for this was declining rapidly, and cutting back on sales of carton milk when this was becoming more and more popular, because the milk stays fresher longer in cartons, with demand doubling between 1978 and 1980.

Declining

The uncompetitive nature of the industry is also affecting exports. With the exception of wine and sherries, exports of which are now valued at $350m a year, and exports of olive and soy bean oil (valued at around $300m), food exports are declining.

The fish industry is now in a state of crisis because fish catches are declining and fish is becoming more and more expensive, while the main problem for the fruit and vegetable industries is the rising costs of raw materials such as tin plate and glass. Both industries have also been badly hit by the increased tariffs of the European Community, Spain's most important customer.

Against this background, the main structural changes in the industry have been brought about not by the Government or by private Spanish enterprise but at the initiative of the big foreign food companies and multinationals.

The penetration by foreign companies began over 40 years ago and was led by the Swiss food conglomerate, Nestle and by the big international grain houses. For instance, during the Spanish civil war the Continental Grain Company of New York sold the Republican side large quantities of dried peas and beans imported from Central Europe and the Balkans. Since then, Continental Grain, the Bunge Corporation, Cargill, and the Louis Dreyfus Company have established a dominant position in the importing and exporting of grains, as well as in the soyabean business and in animal feeds. In the grain business there is only one Spanish competitor left, Transafrica S.A.

The next wave of foreign companies came to Spain in the 1950s when the country began to switch from a highly protective economy to a more liberal economic system. More recently, foreign companies have been attracted to the food industry, because of new liberalisation measures on foreign investment and the repatriation of capital and because of the under-developed Spanish market. An added incentive is the prospect of Spain's entry into the EEC.

The degree of foreign penetration was demonstrated by a survey carried out by the Ministry of Commerce based on the results and tax returns of 2,411 companies in 1977 whose individual capital was Pta 2m or more.

The survey showed that foreign capital represented 12.7 per cent of the total capital of these companies and was valued at Pta 17bn.

Another feature of the foreign investment, which is easily led by American companies with French companies in second place, is that it is not just going to traditional sectors, like the drinks, dairy products and edible oil industries. It is also developing new lines of production in these sectors (for instance soyabean oil, yoghurts, beer and fruit drinks) as well as breaking entirely new ground, for instance in the animal feed industry, dietic foods (soluble coffees) and in fast foods (eg hamburgers).

Finally, the foreign investment tends to be directed at areas where the transformation of foods requires a higher degree of technology (drinks, dietic foods, soyabean oil) and where growth and export prospects are greatest. It is also typically aimed at large well established Spanish companies, and not at the small ones.

Examples of this have been recent purchases by Beatrice Foods and by Nestle of important participations in the two leading Spanish companies in the meat processing business, in Felix Postigo of Segovia and in Conservera Campofrio S.A. of Burgos respectively.

Shake-up

There has also been a major shake-up in the edible oil industry, pioneered by Lessier Cotelle et Associes, France's most important edible oil company and Europe's second largest.

About three years ago Lessier acquired a majority stake in Salgado S.A., one of Spain's leading edible oil companies based in Jaen.

Then late in 1980 Lessier reached an agreement with Koipe S.A. another important Spanish company in edible oils, owned by Basque businessmen and Basque industrial banks, which has cross-ownership with Savin, one of Spain's leading wine distribution companies. Under the agreement, Lessier acquired a 41 per cent participation in Koipe and Koipe ceded its majority stake in Salgado to Lessier.

The result was the merger of two of Spain's most important olive oil companies and effective control by Lessier over 30 per cent of the domestic olive oil market.

Weakest sector in deep trouble

CONSTRUCTION
JIMMY BURNS

"INSTEAD OF being the engine of the economy, we have become just one more wagon in a long train."

The image used by Sr Ignacio Briones, chairman of the Confederation of Spanish Construction Employers, aptly summarises the feeling shared by many companies in this the weakest sector of Spanish industry.

The construction business has been so negatively affected by the recession that commentators are used to calling its troubles "the crisis within the crisis." A slump in demand and rising costs, particularly of energy and essential raw materials such as cement, have contributed to a dramatic downturn in activity over the past five years.

While officials have gleaned some optimism from the fact that cement consumption in March showed a slight recovery, overall figures for the first quarter of this year are disheartening and suggest that the worst may be far from over.

During the period, housing starts in the private and public sector have declined by 9.5 per cent and 9.1 per cent respectively—finished houses in both sectors have declined by 5.4 per cent. Cement consumption has dropped by 8.1 per cent and overall costs have increased by 6.8 per cent over the four-month period.

Double

But perhaps the most glaring statistic continues to be that of unemployment which the confederation now puts at 27 per cent, more than double the average figure for unemployment in industry.

The picture is gloomy. However, employers argue that the construction industry has unnecessarily been allowed to become a victim of the recession when it has all along the line had the possibility of stimulating an economic recovery.

The growth potential for Spanish construction in both the private and public sectors is considerable. There are at present 345 houses for every 1,000 inhabitants in Spain—this compares favourably with the European average of 389 for every 1,000 inhabitants. But the construction business claims that these figures underestimate Spain's needs since Spanish families are on the whole much larger than their European counterparts. Moreover the above statistic slightly distorts the fact that many buildings classed as private housing are rented as tourist accommodation and therefore do not represent a permanent lodging.

In the area of social services, there are only five beds per 1,000 inhabitants in Spain, less than half the European average. A similar shortfall exists in roads. The Spanish motorway system is not even half as advanced as either the Erench or the Italian and a recent sectorial survey showed that in 87 per cent of the country's municipalities local roads were in a state of considerable disrepair.

Spain's construction employers claim that they have been frustrated in their attempt to meet the country's needs because of the reluctance of successive governments to formulate an adequate investment programme in housing and infrastructures, and their failure to reorganise the financial mechanisms which are an essential component of any such plan.

They also blame what they regard as the increased bureaucracy of the Left dominated local authorities for holding up the promotion and development of local housing and road schemes.

Two developments over the past year have muted at least part of this criticism. In November the Government approved a housing scheme which envisaged the construction of 571,000 flats by 1983. House starts over the next three years were envisaged to average out at 190,300 per annum, a 45.9 per cent increase over the average for 1979.

The Government accompanied the plan with the announcement of a reform within the banking system. It eased mortgage rates for the low salary earners and agreed that the housing programme be financed to the tune of Pta 350bn.

A second development has been the initialling of an agreement by the Confederation of Spanish Construction Employers and local authorities of towns of over 100,000 inhabitants pledging a more co-operative approach to the development of local construction schemes.

Boost

In theory, the housing scheme announced by the Government at the end of last year represents the most significant boost for the construction industry in over five years. In terms of employment alone it envisages the creation of 250,000 jobs.

In practice, however, there have been increasing signs that the Government has been dragging its feet and that house starts have already fallen behind target. The Confederation of Construction Employers has underlined the enormous problems which this is creating. Given that the costs of construction are increasing all the time, any major delay in carrying out the initial plan will mean that the budgetary appropriations may fall short of the investors' real needs. Last month a watchdog committee created by the Government presented its first progress report on the plan.

According to the committee, the savings banks had committed only half of the sum set aside for the first half of the plan, and there was an urgent need for the Government to intervene. The savings banks meanwhile have claimed that they have held back because of a lack of demand for council flats and have called on the Government to liberalise the housing scheme.

Clearly the Government can ill afford to fall short on the housing plan. The scheme represents its first major concerted effort to tackle the desperate problem of unemployment and, if it fails, the credibility of its economic policy may well be undermined.

Slight recovery may follow a bad year

CHEMICALS

JIMMY BURNS

UNCERTAINTY HANGS over Spain's chemical industry much as it does over those of the rest of Europe. Even if there are some signs of slight recovery, and 1981 will not turn out to be quite as bad as that "terrible" year, 1980, most officials admit the short to medium term prospect is not too bright.

Spanish chemical production fell by 2 per cent last year, compared to a growth of 5 per cent in 1979, according to figures recently released by the industrial association Feique. The worst affected sectors were plastics, paints, and organic chemicals which suffered a drop in production compared to 1979 of 7 per cent, 5 per cent, and 6 per cent respectively.

The recession has hit Spain's chemical producers with the same ferocity as it has struck the majority of European countries although, arguably, the Spaniards have found themselves particularly vulnerable. Prices and demand for chemicals held up in the first half of 1980, but by last summer many companies were having to face a sudden slump.

The new administration of Sr. Leopoldo Calvo Sotelo has shown a greater commitment than its predecessors to a policy of economic liberalisation. Nevertheless, Spanish chemical officials still complain that government pricing policy is still not quite as realistic as it might be.

A major factor in the problems of the chemical industry over the past year has been the penetration of the domestic and European markets by cut price U.S. chemicals. It is argued that U.S. producers have an unfair advantage because their government has been holding down oil and gas prices to below world levels.

Spanish chemical companies have only recently begun to understand the full implications of the post Franco era. The excessive protectionism which existed under the old regime is gradually disappearing and many companies are having to face the challenge of Spain's future membership of the EEC with all the structural changes which that implies.

A number of less competitive businesses have already disappeared under the strain. As part of the sector's structural reorganisation some companies have been amalgamated, while others have linked up with foreign companies in joint ventures.

For a while last year, ERT, the largest Spanish-controlled chemicals conglomerate, toyed with a partnership with West Germany's Hoescht, with whom it already had a number of co-operation agreements. This option appears to have been dropped in exchange for closer co-operation with Cepsa.

Both the weakness and potential strength of the Spanish chemical industry is all too visible near the town of Huelva in south west Spain. In the early 60s Huelva was a fishing town of 70,000 people surrounded by a few fields and a huge ocean. Then Franco declared it an industrial zone and in the course of 10 years, more than 10 major Spanish and foreign companies were given more or less free rein as part of Spain's almost obsessive push for growth.

Doubled

Today, Huelva's population has doubled and its fishermen are dwarfed by the surrounding industrial complex. But the multi-million project has turned into something of a nightmare.

The recession has forced a number of factories to close. Others have revised their production downwards and frozen expansion plans. One of the main projects envisaged in the original plan, a petrochemical plant to be built by Dow Chemical, never materialised.

Moreover, the advent of democracy in Spain has been accompanied by an increased concern for the environment and the chemical industry has found itself under attack from a vociferous ecology lobby within the main political parties. Several chemical companies have taken advantage of years of lax legislation, and have polluted the surrounding waters and the atmosphere to such an extent that fish die in the ocean and whole areas of the city often have to be temporarily evacuated.

For the first time in many years however, Spanish chemical officials now appear to be responding to the enormous implications of a deterioration of safety standards and the rising public concern. Increasingly they are forming special ecological watchdog committees within their own factories and introducing pollution controls.

There are other areas where there are indications of an improvement in the Spanish chemical industry. The privately owned group Aragonesas, which has one of the largest factories in Huelva, is expanding its markets on the assumption that a recovery may not be too far round the corner.

The success in finding export outlets for its main chemical product means that Aragonesas will this year manage to push ahead of other businesses in the sector and increase its production by 60 per cent.

The company is also trying to break away from the technological backwardness that has in the past dogged Spanish chemical producers and made them dependent on foreign know-how. It is investing substantially in the resarch and development of agrochemicals products. In a curious reversal, it is now actually transferring its new technology to foreign multinationals like ICI.

Trevor Humphries

Shoe production in Menorca. The sector is suffering from lack of investment in new technology and increasing competition from the Third World

Ripe for promotion

DEFENCE INDUSTRIES

ROBERT GRAHAM

DEFENCE INDUSTRIES have been earmarked as a priority development sector. The Government believes defence and *defence-related industries* offer one of the most important areas for the acquisition of new technology in a wide variety of fields—especially communications.

The authorities are aware that the Spanish armed forces require a substantial upgrading in the quality of their equipment. This is necessary regardless of whether Spain joins Nato. But the Government's determination to join Nato is clearly going to be added incentive. The Government is anxious that Spain apply to join Nato this year—yet despite this apparent speed the defence industries have made no formal study of the economic cost of joining the Atlantic Alliance, nor have they been asked to do so by the Government.

The defence industries directly employing about 70,000 people are split on a 70 to 30 per cent basis between the State and private sector. The State side of the industry comes under the aegis of the holding company, INI, and basically groups three main operating companies—Bazan (naval construction and *armament*), *Casa (military and* civil aircraft) and Santa Barbara (tanks, artillery, assault rifles and munitions). In addition there is a research organisation, —Cetme, primarily devoted to army ordnance; plus a defence sales company, Defex, controlled by INI though it also has private shareholders.

Small

Annual turnover in the industry is running at more than \$800m, of which approximately 25 per cent is accounted for by exports. But for a country of Spain's industrial potential, with almost 340,000 people under arms this is small.

Indeed Spain throughout the Franco era spent comparatively little on the armed forces. No more than 2.8 per cent of GNP was spent on defence, of which an unusually high proportion went on current costs—mainly salaries and wages. This continues to be the case with this year's \$3.6bn defence budget. The high proportion of personnel costs in the defence budget is an inhibiting factor in boosting much needed expenditure on defence procurement.

INI has drawn up a strategic plan for its defence industries, selecting development areas and rationalisations. Until now the state defence industries have been largely run by the military themselves with little cost consciousness and even less co-ordination between the services or the police—let alone with any civilian procurement.

For instance the idea that the National Telephone Company, Telefonica, should co-ordinate orders with the military has never been fully explored.

Perhaps a more serious criticism has been the failure by successive administrations to obtain adequate offset agreements when purchasing equipment abroad. This is something the Government intends to remedy in the proposed purchase of 144 fighters—probably the F-18 or the F-16. But the technology gap is now such that the Spaniards may not get what they would like. The industry as a whole is operating with a low level of technology and the exceptions are rarely with indigenous technology.

The naval dockyards of Bazan have produced some good hull designs and are anxious to move into the Latin American market and expand the Spanish navy's order books. Bazan, one of INI's biggest loss-makers, is substantially over capacity, but one strength for future development is its ability to adapt sophisticated imported technology—guns, radar, navigation and communications systems—which in turn can be packaged with training schemes for Latin American navies.

Car sales still hit by recession

AUTOMOTIVE SECTOR

ROBERT GRAHAM

THE AUTOMOTIVE industry offers one of the most vivid examples of Spain's four-year-old recession.

Domestic car sales have dropped since 1978. This year the slide will be marginally less pronounced. nevertheless current estimates suggest sales will be 7 to 8 per cent below 1980. Production has been sustained by exports, but most companies have run at a loss or just broken even with the exception of Renault.

The situation is worse still among truck manufacturers, especially heavy trucks. Here sales are almost 50 per cent of their 1974 level. As a result two - thirds of the workforce in the automotive sector has been affected in one form or another by lay-offs and short time.

Renault was alone among the five car producers to increase domestic sales, up 8 per cent to 197,000. while Citroen and Talbot—offering models in the large family range—saw their sales drop by more than 25 per cent.

Good exports

With increased motoring costs, especially petrol, the most successful models were in the economy range. Seat had some success in launching its new Panda model.

With the exception of Talbot, all the manufacturers had a good export year, with overall exports up 40 per cent to 491,000. Ford continued to dominate in volume with its Fiesta exports from Almusafes. Seat, supplying mainly the European market in agreement with Fiat, saw its sales up 11 per cent to 132,000.

Production of saloon cars last year topped the 1m mark, and Spain is coming close to overtaking the UK as Europe's fourth biggest car manufacturer. A total of 20 companies employing 104,000 workers are considered to be directly related to the sector as a whole—cars, trucks, vans and tractors.

The total direct and indirect employment created by the sector is close to 700,000—one of the biggest single industrial employers in Spain. Despite the recession it is one of the fastest growing. When GM's new \$1.5bn investment begins operation late next year—based near Saragossa but with component plants at Cadiz and Logrono—another 280,000 units will be added to Spanish capacity. GM selected Spain as a greenfield site after much careful study on where to locate a major facility for a new compact saloon for the eighties.

The facility is export orientated like that of Ford, geared to volume production integrated with other European plants. But GM is not ignoring the Spanish market and is already marketing some Opel models to show the flag in Spain.

Spain continues to have one of the lowest car ownership ratios in Europe. In Germany the proportion is 383 per 1,000, in Italy 313 and in Spain 202. However, growth of new registrations has been lower than anticipated. Motor manufacturers argue that major impediments to new car sales are the costs and bureaucratic problems surrounding trade-in or sale of second hand cars, coupled with exceptionally high sales and luxury taxes. As a result Spain's 7.5m cars get correspondingly older.

Questions continue to be asked about SEAT, the largest car producer, which Fiat was due to fully integrate into its operations. However, in June 1980 Fiat refused to go ahead with the integration agreement, leaving the Spanish State holding company, INI, guaranteeing SEAT.

Last month an agreement was reached in which INI waived taking Fiat to court for breach of contract in return for Fiat ceding its shares and for commercial technological pacts—including the right for SEAT to export 385,000 models over the next three years via the Fiat network.

SEAT, whose losses last year were Pts 20bn (£108m), employs 31,000 people and the Government is committed to its survival. Efforts are being made to persuade either Nissan or Toyota to become a partner. But the Japanese are cautious about their European options.

If SEAT cannot find a firm new partner by the end of the year, then the company will have to initiate investment in a new model on its own. INI now has over 80 per cent of the equity.

WORLD STOCK MARKETS

NEW YORK

Early Dow in tentative upturn

ACTIVITY IN selected Energy issues underpinned a tentative rally in a moderate early trade on Wall Street yesterday.

The Dow Jones Industrial Average regained 3.52 to 951.77 by 1 pm on volume of 36.16m shares, with advances leading declines about eight to five. The NYSE All Common Index added 50 cents to $75.76.

Takeover targets and their potential buyers dominated trading. Conoco, the subject of a bidding war, topped the noon actives list at $86¾, up $⅝. Of its possible suitors, Du Pont dropped $¾ to $46½. Mobil rose $⅛ to $31⅛ and Texaco added $⅜ to $36¼.

Seagram, which made the first offer for Conoco, generated little trading interest and was unchanged at $55⅞.

Also active and higher were Gulf Oil, up $1⅜ to $38⅞, Standard Oil of California, $1½ to $40½, Texasgulf, $1½ to $54½, and Newmont Mining, $1⅞ to $68⅝.

Kerr-McGee rose $7⅜ to $84, Cities Service was down $⅜ to $60½, and Marathon Oil dropped $2½ to $72¼.

Reliance Group dropped $8¼ to $90¼. On Tuesday its chairman offered to buy it out. Connecticut General Mortgage, which received a tender offer from Prudential Insurance, added $4⅞ to $42¼.

THE AMERICAN SE Market Value Index gained 3.28 to 368.12 by 1 pm on volume of 3.36m shares.

Canada

Markets advanced in moderately active early trading, with the Toronto Composite Index a sharp 22.1 higher at 2,371.3 by noon, while the Montreal Combined Index improved 2.87 to 370.44. Dome Petroleum rose C$⅞ to C$24⅞ and Gulf Canada C$⅜ to C$29 in Toronto.

The Golds Index reflected a bullion price improvement, up 66.5 at 3,969.3.

Closing prices for North America were not available for this edition.

Milan

Stocks performed strongly across the board in busy trading, said largely to have been due to increased activity by banks and financial institutions. Yesterday was the first of the August operating month.

The day index gained 15.17 to 208.10, continuing the revival begun on Tuesday after recent sharp losses and a three-day closure.

Among stronger Banks, Credito Italiano added L997 to L10,200 and Mediobanca L10,950 to L130,800. Even shares of the beleaguered Banco Ambrosiano group joined the rally, with Centrale up L1,180 at L5,350.

In Industrials Montedison soared L19.75 to L169.75 after news of a reorganisation. Pirelli SpA rose L185 to L1,930 and Pirelli Company L100 to L3,400.

Convertibles firmed in an active Bond sector.

Tokyo

Profit-taking in Blue Chips brought shares lower, with many investors apparently worried about the uncertain trend of the yen against the dollar and record margin purchases.

The Nikkei-Dow Jones Market average fell 25.01 to 7,853.95 in light trading with volume of 320m shares. The Tokyo New SE Index shed 0.72 to 591.53.

Nippon Kokan fell Y7 to Y228, Kobe Steel Y11 to Y213, Ricoh Y40 to Y1,020, Cannon Y30 to Y1,640, Fuji Film Y40 to Y1,890, Sharp Y14 to Y971, Nippon Electrical Y10 to Y882, Fujisawa Pharmaceutical Y40 to Y1,030, Toray Y9 to Y350, Sony Y110 to Y4,730 and Pioneer Y60 to Y3,860.

However, Furukawa Electrical gained Y14 to Y358, Fujikura Cable Y5 to Y315, Asahi Glass Y10 to Y675, Yasukawa Electrical Y17 to Y610 and Tokico Y5 to Y450.

Oils and other Natural Resources were also preferred, with Nippon Oil up Y23 to Y827. The second market ended steady.

Germany

Frankfurt prices recovered some of their early losses and the market closed mixed in relatively quiet trading. Nonetheless, the Commerzbank Index shed a further 2.8 to 730.9.

Veba was favoured, rising DM 1.80 to DM 138.30, having opened at a low of DM 134.60. Metallgesellschaft gained DM 4 to DM 320 and Preussag DM 1.70 to DM 174.70.

Banks were easier and Bonds mixed.

Paris

Bourse trading resumed after a long weekend with prices quietly mixed. Among Oils, Esso shed FFr 4 to FFr 131 while Aquitaine (Elf) rose FFr 2 to FFr 650.

A mixed Portfolios, Schneider gained FFr 3 to FFr 80 but Suez dropped FFr 7 to FFr 217.

Tyre maker Michelin dropped FFr 22 to FFr 710 after announcing temporary lay-offs.

In the Foreign sector, Americans, Germans, Dutch, Coppers and Gold Mines were all lower while Oils and Japanese were mixed.

Switzerland

Conoco rose sharply in active trading among foreign shares in Zurich while domestic issues closed quietly steady. The U.S. takeover candidate gained SwFr 8.8 at SwFr 187.

Elsewhere, Zurich Insurance bearer shares rose SwFr 300 to SwFr 16,800, a high for the year.

Hong Kong

Dull trading left stocks little changed: the Hang Seng Index gained 1.32 to 1,780.69.

Hutchison Whampoa, the main feature, rose 60 cents to HK$23.60 after buying in London overnight, on expectations of a statement on the terms of its purchase of minorities in four subsidiaries, and speculation on the result of negotiations with the government on its Hung Hom dockyard site.

Among other leaders, Cheung Kong lost 50 cents to HK$32.50 while Hongkong Bank gained 10 cents to HK$17.10, as did Hongkong Electric to HK$6.70 and Swire Pacific "A" to HK$18.90.

Singapore

Sharply lower prices were recorded across a broad front on selling by speculators and some local institutions. The Straits Times Index fell 15.94 to 909.54.

Boustead shed 30 cents to S$8.45 and Straits Trading 20 cents to S$11.30, while Cold Storage and Fraser and Neave lost 15 cents each to S$5 and S$6.60 respectively.

Australia

The Sydney market continued its downward drift in one of the quietest trading sessions of the year. Brokers attributed the decline more to a lack of buyers than a resurgence of selling sentiment.

The All Ordinaries Index weakened 3.2 to 662.5 to all but wiping out the small gains earlier in the week which had followed the fall of 37.6 last week.

Among leaders, BHP lost 5 cents to A$14.35, CSR firmed 4 cents to A$5.90, CRA was steady at A$4.10, MIM eased 2 cents to A$3.88, Western Mining fell 13 cents to A$4.80, Peko fell 30 cents to A$7.20, Woodside was unchanged at A$1.74 and Bank of NSW slipped 3 cents to A$3.02.

Pioneer Sugar continued to attract interest with an 18 cent rise to A$2.28 after the crossing of 2.7 per cent of issued capital on Tuesday.

Johannesburg

Golds firmed on low volume as the bullion price strengthened in Europe.

Among heavyweights, President Brand gained 50 cents at R42.25 while cheaper-priced producers added between 5 and 25 cents.

In generally steady Mining Financials, Johannesburg Consolidated Investment rose R1 to R79 after its gold mine quarterly results. In Diamonds, De Beers held unchanged at R8.87.

CANADA

BELGIUM (continued)

HOLLAND

AUSTRALIA

JAPAN (continued)

DENMARK

FRANCE

ITALY

NORWAY

HONG KONG

SINGAPORE

SWEDEN

GERMANY

SOUTH AFRICA

AUSTRIA

SWITZERLAND

BELGIUM/LUXEMBOURG

BRAZIL

Financial Rand US$0.82¾ (Discount of 24½%)

Indices

NEW YORK — DOW JONES

STANDARD AND POORS

N.Y.S.E. ALL COMMON

MONTREAL

NEW YORK ACTIVE STOCKS

Base values of all indices are 100 except Australia All Ordinary and Metals—500; NYSE All Common—50; Standard and Poors—10; and Toronto—1,000; the last named based on 1975. † Excluding bonds. ‡ 400 Industrials, plus 40 Utilities, 40 Financials and 20 Transports. c Closed. u Unavailable.

Minister urged to aid poultry men

Financial Times Reporter

SIR RICHARD BUTLER, president of the National Farmers' Union, led a delegation to see the Minister of Agriculture, Mr Peter Walker, to emphasise the worsening problems of the British poultry sector, and to urge the Government to take immediate action.

Following the meeting, Mr Ted Kirkwood, chairman of the NFU poultry committee, said, "we made clear to the Minister the financial difficulties of all three sectors—broilers, turkeys and eggs—which have been caused largely as a result of low-priced imports from elsewhere in the EEC. These imports are, in part, benefiting from national aids, and we therefore urged the minister to take positive action to protect and assist the home industry.

"If no action is taken, then production and economic conditions would seriously worsen to the point when producers can see no future in the industry at all, and this would be to no-one's benefit in this country, least of all consumers.

"The minister said that he appreciated the problems of the industry and confirmed his determination to ensure that it is not destroyed by unfair competition from abroad. He had taken these matters up with the EEC Agricultural Commissioner and in the Council of Ministers and would continue to press hard for early and effective action."

Base metal prices climb to new peaks

BY OUR COMMODITIES STAFF

MARGINALLY LOWER U.S. interest rates and dearer gold encouraged a general rise in base metals prices on the London Metal Exchange yesterday which took all leading metals to new long-time peaks.

Copper cash wirebars climbed £10.75 to £899.25 a tonne, the highest level since September last year, as London buyers built on an overnight rise in New York.

Cash standard tin gained £65 to £6,870 a tonne, highest since October, helped by speculation that a higher support price range might be agreed at a meeting of the International Tin Council in London this week.

Dealers said the rise was aided by a combination of short-covering, speculative and chartist buying operations which easily absorbed hedge selling against recent physical purchases. Most traders were surprised at the sharpness of this week's advance, however.

The steadier trend in sterling against the dollar might have been expected to result in lower prices, they said, while admitting that the granting of an injunction against the U.S. General Services Administration for disrupting the market by selling from its stockpile was a "bullish" factor.

The lead market was very steady traders said, with the expected wave of profit-taking resistance at £420 a tonne being well absorbed by good general buying. The fundamental background remained strong, they added, with most producers and merchants carrying light stocks following good recent demand from the USSR and the U.S.

News that new talks were to be held next week at Amax's strike-bound U.S. plant did little to discourage a further £5.75 rise in cash lead to £418.75 a tonne, the highest level since April last year.

The longest term high reached yesterday was for zinc. A £6 rise took cash metal to its highest since August 1974 at £465 a tonne.

Dealers attributed the rise, which took the price through a long established resistance area at £460 a tonne, to "chart-oriented speculative buying."

News of a return to work at strike-bound Mexican mines and of the new Amax talks did little to dampen sentiment.

In Bonn, Preussag and Metallgesellschaft said they were not considering raising their zince producer prices from the current $925 per tonne.

Bolivia sees a number of weaknesses in the sixth international Tin Agreement (ITA) but is studying the text in detail before deciding whether to join or not, Jorge Quiroga, ITA chargé d'affaires to Malaysia, said in Kuala Lumpur, reports Reuter.

The sixth ITA will be open for signing by ratifying consuming and producing countries from August 3, following last month's agreement in Geneva on a draft text.

Bolivia and the U.S. had deep reservations over the new agreement at the UN Geneva talks and Mr Quiroga said the agreement was weaker than the previous one for all tin producers.

Malaysia, Indonesia and Thailand, which together produce about 65 per cent of the world's tin, have already indicated they will sign the agreement.

Under the agreement, the obligatory two-tier 50,000 tonne buffer stock raised from the existing 20,000 tonnes, would stabilise the market price of tin on the lower range of the price scale of the agreement, thus not boosting but depressing its value, Mr Quiroga said in a letter to the New Straits Times, outlining Bolivia's position.

Sharp fall in sugar

By Our Commodities Staff

LESS WHITE sugar than generally expected was released for export at yesterday's weekly tender in Brussels.

The EEC Commission granted export licences covering 68,400 tonnes of white sugar, down from 91,520 tonnes last week. The maximum rebate was set at 12.141 European currency units (13.29 ECUs last week).

Dealers said the tender result was shrugged off in the market, however. Earlier nervous liquidation may have been overdone, they said and with background talk of Chinese and Iranian buying interest the market closed uncertain but steady.

It did sustain a sizable fall on the day, however, with the October position ending £8.45 down at £217.35 a tonne. The morning decline was put down to reduced concern over tight supplies in the U.S. following recent Brazilian sales. Forecasts of an end to labour disputes in Australian mills also encouraged the decline.

GREEN PEAS

A hazardous harvest

MOST OF the earliest fields of green peas for processing to come fit for harvesting this year have yielded disappointing, if not disastrous tonnages. Planted during one of the coldest, wettest springs on record, they suffered every conceivable stress as they germinated and grew.

As always, according to the sod's law of such situations, the resulting lack of vigour left plants unusually vulnerable to attack by pests and diseases, and 1981 has been a vintage year for both. Most serious, and least controllable, was a widespread epidemic of downy mildew which reduced yield potential still further.

Early crops, which under normal circumstances could have been expected to yield up to two tonnes per acre have, in some cases, been as low as half a tonne. And although later drillings have suffered less from the difficult season and look capable of better things, it seems unlikely that they will be good enough to make up for the poor start.

Certainly, growing and harvesting conditions from now on would need to be near perfect for that to be possible. Green peas have to be harvested during a highly critical period of their development. In hot July weather that period is sometimes only a matter of hours, after which the peas lose their quality and tenderness (which is measured incidentally on an aptly named machine called a tenderometer) and are by-passed for processing, to be combined later for dry seed.

In order to avoid such "seeding down" as it's called, plantings are usually carefully spaced through the spring so as to allow for orderly ripening and planned processing. This year, however, drilling programmes were totally disorganised by the rain and had to be crowded into the few intermittent dry days of March, April and early May. As a result crops will probably ripen close together and some seeding down seems inevitable.

In some ways it could be argued that a short crop is just what the whole processing industry needs.

Supplies have been well above demand for several years and substantial stocks held in expensive cold stores have been the rule rather than the exception.

But this year the wet spring affected fresh vegetable production and marketing as well as the planting of peas. As fresh vegetable supplies failed and prices rose, consumers turned to frozen products and well before this year's pea harvest began, at the end of June, most freezer shelves were bare.

It was a situation which could hardly have been foreseen. Market demand had been depressed since last summer and prices had reflected this. Five processing factories announced during the winter that they were to cease operations, following other big closures during the previous few years.

Farmers who had been growing specifically for such factories suddenly found themselves without a contract for peas. They were, however, still geared up to grow the crop and many decided to seek other outlets, to utilise their machinery and labour and to retain the undoubted rotational benefits of peas.

They signed up to grow for a variety of processors and agencies, on terms which had been introduced to the industry comparatively recently, known as "Joint Venture" and "Market Linked."

Unlike traditional contracts between growers and processors, in which growers are paid a negotiated price for a given quality of produce a few days or weeks after it's delivered, these new style agreements involved growers in the cost of processing, the ultimate price being determined by actual retail sales.

The "Joint Venture" arrangement usually includes provision for the costs and the risks involved to be shared between both parties and for profits to be similarly distributed. Farmers, however, have to wait until the produce is retailed for their cash, which in practice means it arrives in instalments over several months.

In Market-linked agreements, on the other hand, the farmer is usually entirely responsible for all the costs of processing, storage and packaging, and after all these costs have been covered — including a 14-15 per cent fee for marketing, the grower gets what is left. Here too payment can be delayed.

Indeed there are stories of some growers having to wait for two years or more for their money which, by the time it did arrive, was so reduced because of refrigerated storage charges as to be almost negligible. Other tales tell of growers actually having to pay for the disposal of frozen vegetables in order to avoid further crippling storage costs.

Clearly this is all very different to the days of firm, fixed price contracts with large processors, and most growers would like to revert to the previous system. But with many farmers so desperate to grow green peas that they seem prepared to sign almost any agreement to do so, there is little immediate prospect of them being able to negotiate any improvement in their terms.

Only a shortage, of the kind we may see this year, would improve retail prices and allow growers to benefit from the new style contracts. But only very fortunate growers will have good yields this year, so the benefits will be limited.

Australia lifts butter export ban

MELBOURNE — The Australian Dairy Corporation has lifted its ban on butter exports and has authorised the shipment of 6,000 tonnes during 1981-82.

The corporation suspended exports last December when it became concerned that domestic requirements could not be met from milk production levels. About 10,000 of the 13,000 tonnes planned for export in 1980-81 had been shipped before the suspension.

The corporation has authorised 3,000 tonnes to be exported in each half of the year, which began this month. It is now confident domestic availability is assured and plans to increase export quantities if there is any rise in production.
Reuter

World grain outlook tightens

WASHINGTON—In spite of an improved crop outlook in Canada, Australia and West Europe, world grain supply prospects for 1981-82 have tightened over the past month, the U.S. Agriculture Department reported.

USDA said global grain output in 1981-82 is forecast at 1.498bn tonnes, down 6m tonnes from the June estimate, mainly reflecting poorer crop prospects in the U.S. and USSR.

"The total grain figure masks the sharp decline in forecast world coarse grain availabilities and some further easing of wheat supplies compared with a month ago," USDA said.

The department cited the following key developments over the past month.

● World coarse grain stocks are expected to increase in 1981-1982 by only 2m tonnes from the drought — reduced level last year. In contrast to the tight supplies for coarse grains, wheat and rice supplies will be plentiful.

● The USSR will be able to increase stocks by 8.0m tonnes in 1981-82, down from 14.0m tonnes forecast in June.

● India will import about 4.0m tonnes of wheat in 1981-1982, including the recent purchase of 1.8m tonnes of U.S. wheat. The wheat imports will be aimed at replenishing grain reserves in India.

● Production prospects for the EEC, Canada and Australia have improved, with better yields resulting from favourable weather. Additional supplies from these nations will mean increased competition for the U.S., since none of these countries is expected to substantially boost stocks.

● Stronger than expected export demand for U.S. wheat will offset a decrease in coarse grain exports.

● The timely arrival of rain in South Korea has allowed rice transplanting to take place, so reducing any adverse impact from the delays experienced in May and early June.

● U.S. rice production will increase more than expected, leading to a doubling of U.S. carryover stocks.

USDA said the grain outlook in future months will greatly depend on world weather developments.

Another important factor will be the mix of USSR grain imports, USDA said, adding, "If the Soviets choose to purchase more wheat and other types of coarse grain versus maize, this could cause a significant shift in the current forecast levels of world and U.S. wheat and coarse grain trade flows."

USDA said the failure of other large exporting nations, such as Canada, Australia, EEC and Argentina, to build stocks will put renewed downward pressure on prices.
Reuter

Campaign to boost lamb sales

By Our Commodities Staff

FACED WITH the certainty of record supplies this season Britain's lamb producers have stepped up their advertising effort.

The Meat Promotion Executive yesterday announced details of £750,000 lamb promotion, its biggest single specie campaign yet. The aim is to boost demand to take up the expected 3 per cent increase in lamb slaughterings which is forecast to take total production to a record 12.7m head.

The campaign will include press and television advertising and special newspaper competitions. It will be aimed mainly at younger housewives who still purchase less lamb than the over 45s.

Under a special Government programme operated by the Central Council for Agricultural and Horticultural Co-operation (CCAHC) an extra £600,000 was spent on farm product marketing between July 1980 and June 1981.

Zimbabwe must double food output

ZIMBABWE MUST double its food production within the next 15 years in order to keep up with population growth, Zimbabwean Agriculture Minister Dennis Norman has said, reports Reuter.

He told a Press conference in Brussels that his country was self-sufficient in most products and had a surplus of maize. But food consumption was rising quickly and massive resources needed to be poured into farming to meet the demand.

Mr Norman, the only white Minister in the Zimbabwe Cabinet, said Zimbabwe must try to maintain the standards of its highly competitive white farms while trying to better the lot of black smallholders.

Unequal distribution of land has been a big problem since a black majority government came to power in the country. But the Government was making good progress with resettling the black population on land bought from whites, he said.

While in Brussels, Mr Norman met EEC Development Commissioner Edgard Pisani. The EEC Commission granted $20m of aid to improve Zimbabwe's agriculture two weeks ago.

EUROPEAN MARKETS

BASE METALS

BASE-METAL PRICES moved ahead strongly on the London Metal Exchange following the marginal decline in American interest rates and the rise in gold. A sharp rise in overnight U.S. markets prompted persistent demand for Copper: three months closed at a 10-month high of £925. Tin was finally £6,995—its highest for six months—on hopes of increases in the ITC trading ranges. Zinc attracted trade buying and moved up to close at £472—a near seven-year high, while Lead finished at a fifteen-month high of £419. The rise in sterling affected Aluminium, which closed at £631 and Nickel, £3,290.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Wirebars				
Cash	894.5-5	-4.25	899-.5	+10.7
3 months	919.5-20	+5	924-.5	+11.5
Settlem't	895	+4	—	.....
Cathodes				
Cash	891-2	+6.5	893.5-4	+10.2
3 months	911-2	+6.25	915-.5	+11.2
Settlem't	892	+6.5	—	.....
U.S. Prod	—		*80-5	.....

Copper—Amalgamated Metal Trading reported that in the morning three month wirebars traded at £917, 16, 17, 17.5, 18, 19, 18.5, 19, 19.5, 20. Kerb: Wirebars, three months £921, 20.5, 21, 22, 22.5, 23. Afternoon: Wirebars, three months £923, 22.5, 23, 23.5, 24. Cathodes, three months £915. Kerb: Wirebars three months 924, 23.5, 23, 23.5, 24, 25. Turnover: 29,275 tonnes.

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	419.5-20	+7	418.5-9	+5.75
3 months	419.5-20	+6.5	418-.5	+6.25
S'ment	420	+7	—	......
U.S. Spot	—	......	*41	......

Lead—Morning: Cash £420, three months £418, 18.5, 18, 19, 19.5, 20, 19.5. Kerb: Three months £419, 20, 19.5, 20. Afternoon: Three months £422, 21, 22, 21.5, 21, 20, 20.5, 20, 19.5, 19, 18, 19, 18.5. Kerb: Three months £418, 17, 16.5, 16, 15, 16, 16.5, 17, 18, 17, 18, 19. Turnover: 4,075 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	6875-80	+87.5	6865-75	+65
3 months	7005-10	+105	6990-5	+72.5
Settlem't	6880	+85	—	......
Standard				
Cash	6875-80	+87.5	6865-75	+65
3 months	7005-10	+105	6990-5	+72.5
Settlem't	6880	+85	—	......
Straits E.	$29.41	+0.65		......
New York	—	......		

Tin—Morning: Standard, cash £6,885, 70, 75, three months £6,950, 60, 65, 70, 75, 70, 65, 70, 80, 90, 95, 90, 85, 90, 85, 7,000, 05, 7,000. Kerb: Standard, three months £7,000, 10, 20, 10, 05. Afternoon: Standard, three months £7,020, 10, 7,000, 6,995, 7,000, 6,990, 95, 90, 85, 80, 85, 7,000, 05, 10, 05, 7,000, 6,995, 90, 95. Kerb: Standard, three months £6,990, 85, 90, 95. Turnover: 2,435 tonnes.

ZINC	a.m. Official	+ or —	p.m. Unoffic'l	+ or —
	£	£	£	£
Cash	467.9	+9.5	464.5-5.5	+6
3 months	474.5-5	+12	470.5-1	+5.25
S'ment	469	+18	—	......
Primw'ts	—	—	*46.5	......

Zinc—Morning: Three months £473, 74, 74.5, 75. Kerb: Three months £474.5, 75, 74.5. Afternoon: Cash £465, three months £475, 74.5, 74, 73.5, 72, 71, 70, 69, 70, 71. Kerb: Three months £470, 69.5, 70, 70.5, 71, 72. Turnover: 6,875 tonnes.

Alumin'm	a.m. Official	+ or —	p.m. Unoffic'l	+ or —
	£	£	£	£
Spot	613-4	-2	610.5-1	-2.25
3 months	633-.5	-2	630-1	-2.25

Aluminium—Morning: Three months £633. Kerb: Three months £633, 33.5. Afternoon: Three months £632, 31, 30.5, 31, 30, 30.5, 31. Kerb: Three months £630.5, 31. Turnover: 4,475 tonnes.

NICKEL	a.m. Official	+ or —	p.m. Unoffic'l	+ or —
Spot	3265-70	-42.5	3240-5	-55
3 months	3300-5	-32.5	3283-5	-45

Nickel—Morning: Three months £3,305. Kerb: Three months £3,280. Afternoon: Three months £3,290, 88, 85. Kerb: Three months £3,285, 90. Turnover: 396 tonnes.

† On previous unofficial close.
* Cents per pound. ‡ M$ per kilo.

SILVER

Silver was fixed 4.6p an ounce lower for spot delivery in the London bullion market yesterday at 462.3p. U.S. equivalents of the fixing levels were: spot $8.68, unchanged; three-month $9.058, down 0.2c; six-month $9.47, up 3.2c; and 12-month $10.147, up 3.3c. The metal opened at 456-461p ($8.6-8.7) and closed at 464-469p ($8.80-8.90).

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. p.m. Unoffic'l	+ or —
Spot	462.30p	-4.6	473.75p	-15.7
3 months	477.00p	-4.4	488.0p	-16.0
6 months	494.40p	-3.2	—	......
12 months	525.90p	-3.2	—	......

LME—Turnover: 81 (94) lots of 10,000 ozs. Morning: Three months 477, 77.5, 77.7, 77.5. Kerb: Untraded. Afternoon: Three months 480, 86, 87. Kerb: Three months 487.

COCOA

Futures were easier in quiet trading conditions due to belated trade hedging and light commission house profit taking. Physical business was scarce reflecting only modest industry offtake, reports Gill and Duffus.

COCOA	Yes'rday's Close	+ or —	Business Done
July	1055-75	-5.0	1075
Sept.	1089-90	-29.0	1100-080
Dec.	1127-29	-29.5	1148-26
March	1144-45	-24.0	1163.43
May	1152-53	-23.0	1171-53
July	1160-61	-22.0	1173-60
Sept.	1168-70	-19.5	1168-67

Sales: 3,348 (4,501) lots of 10 tonnes.

ICCO Futures—Daily price for July 14: 95.92 (94.73): five-day average 92.98 (91.43).

COFFEE

In mixed activity futures opened lower in line with an easier New York close, reports Drexel Burnham Lambert. In a quiet session currency fluctuations were generally neglected before continued sterling strength appeared to prompt some dealer liquidation. At the close general short-covering restored values to the highs.

COFFEE	Yesterday's Close	+ or —	Business Done
	£ per tonne		
July	804-05	-8.0	803-95
Sept.	828-29	-8.0	829-12
Nov	825-27	-6.5	827-10
Jan	827-29	-3.0	828-09
March	815-24	-3.0	809-04
May	816-25	-1.5	814-08
July	819-20	-0.5	—

Sales: 2,809 (4,441) lots of 5 tonnes.

ICO indicator prices for July 14: (U.S. cents per pound) Comp. Daily 95.54 (96.21): 20-day average 93.38 (93.56).

WOOL FUTURES

LONDON NEW ZEALAND CROSS-BREDS—Close (in order: buyer, seller, business). New Zealand cents per kg. Aug 390, 410, nil; Oct 410, 415, nil; Dec 406, 408, nil; Jan 410, 412, nil; March 418, 420, 418; May 429, 430, 429-438; Aug 437, 440, 435; Oct 437, 440, nil; Dec 437, 440, nil; Jan 439, 442, nil. Sales: 13.

SYDNEY GREASY WOOL—Close (in order: buyer, seller, business). Australian cents per kg. July 497.5, 498.0, 501.2-498.0; Oct 500.0, 500.5, 500.2-499.5; Dec 507.0, 507.5, 508.3-506.5; March 515.5, 516.0, 516.5-515.2; May 524.8, 525.0, 525.0-524.5; July 527.5, 529.0, 529.0-527.0; Oct 526.0, 527.0, 526.0; Dec 528.0, 530.0, untraded. Sales: 236.

GAS OIL FUTURES

After opening lower on the near months, the market traded in a narrow range for most of the day in good volume. Stronger New York prices and the weaker dollar caused a sharp rally in thin trading but prices weakened again, reports Premier Man.

Month	Yesterdys close	+ or —	Business Done
	$ U.S. per tonne		
July	302.00	+0.50	302.00-01.00
August	303.00	+1.50	305.50-01.00
September	303.00	+1.50	304.25-01.00
October	306.00	+0.75	306.50-04.00
November	310.50	+1.50	310.50-07.75
December	313.50	+1.25	313.50-10.50
January	316.00	+0.50	316.00-14.00
February	318.25	—	318.25-18.25
March	321.00	-0.50	321.00-21.00

Turnover: 1,214 (799) lots of 100 tonnes.

GRAINS

Grains opened slightly higher. Barley saw a record volume, values increasing on further steady buying from shipper sources, but eased on hedge selling. Wheat also saw aggressive shipper buying, ACLI reports.

	WHEAT		BARLEY	
Mnth	Yesterd'ys close	+ or —	Yesterday close	+ or —
Sep	103.70	+1.50	98.60	+0.45
Nov	107.70	+1.60	103.00	+0.80
Jan	111.70	+1.60	106.90	+0.75
Mar	115.45	+1.50	110.40	+0.80
May	119.00	+1.55	113.50	+0.70

Business done—Wheat: Sept 103.70-102.60, Nov 107.70-106.25, Jan 111.70-110.30, March 115.45-113.95, May 118.90-117.55. Sales: 698 lots of 100 tonnes. Barley: Sept 99.15-98.25, Nov 103.30-102.75, Jan 107.20-106.40, March 110.70-109.70, May 113.60-112.95. Sales: 1,111 lots of 100 tonnes.

LONDON GRAINS—Wheat: U.S. Dark Northern Spring No. 2 14 per cent Aug and Sept 112.50 transhipment East Coast seller. U.S. Hard Winter 13½ per cent Aug 115.75, Sept 116.50 transhipment East Coast seller. English Feed fob Sept 106 paid South Coast. Maize: French July 128, Aug 125.25 transhipment East Coast. South African Yellow Aug/Sept 94.75 seller. Barley: English Feed fob Aug 98.50 paid East Coast April/June 117 paid East Coast. Rest unquoted.

HGCA — Locational ex-farm spot prices. Feed barley: Eastern 90.20, E. Mids 97.00, N. East 93.00, W. Scotland 94.00. The UK Monetary Coefficient for the week beginning Monday, July 20 is expected to remain unchanged.

RUBBER

The London physical market opened easier, with little interest throughout the day, closing easier. Lewis and Peat reported a fob July price for No. 1 RSS in Kuala Lumpur of 239.0 (247.5) cents a kg and SMR 20 212.5 (216.5).

No 1. R.S.S.	Yest'r'ys close	Previous close	Business Done
August	60.20-61.00	62.00-62.70	—
Sept	61.85-61.70	62.70-65.80	—
Oct-Dec	62.70-62.80	64.20-64.30	64.30-62.50
Jan-Mar	64.90-65.00	66.58-66.60	66.60-64.80
Apl-Jne	67.70-67.80	69.40-69.50	68.00-67.80
Jly-Sept	70.50-70.70	72.20-72.40	—
Oct-Dec	73.50-73.60	75.20-75.40	74.60
Jan-Mar	76.40-76.50	78.20-78.30	—
Apl-Jne	79.20-79.60	80.90-81.00	80.20

Sales: 436 (384) lots of 15 tonnes; nil (nil) lots of 5 tonnes. Physical closing prices (buyers) were: Spot 59.00p (60.75p); Aug 59.50p (61.25p); Sept 60.00p (61.50p).

COTTON

LIVERPOOL—Spot and shipment sales amounted to 50 tonnes. Buying was still spasmodic, with not more than occasional purchases in the more popular grades. Demand was weak, including interest in Middle Eastern and African styles.

SOYABEAN MEAL

The market opened lower and thereafter tended to ease before jobber short covering at the close produced a slightly steadier tone, reports C. Czarnikow.

	Yesterdys Close	+ or —	Business Done
	£ per tonne		
August	132.50-33.5	-1.40	134.50-33.50
October	136.50-36.5	-2.05	138.60-36.20
December	141.00-41.4	-2.85	143.50-41.20
February	144.80-44.9	-1.35	145.50-45.00
April	146.50-47.5	-2.00	—
June	146.00-50.0	-2.00	—
August	147.00-55.0	-1.25	—

Sales: 105 (130) lots of 100 tonnes.

SUGAR

LONDON DAILY PRICE—Raw sugar £225.00 (£235.00) a tonne cif July-Aug shipments. White sugar daily price £246.50 (£250.00).

No. 4 Contract	Yest'rdy's Close	Previous Close	Business Done
	£ per tonne		
Aug.	216.75-17.25	225.25-25.40	226.50-15.75
Oct.	217.30-17.40	225.70-25.90	226.00-16.25
Jan.	215.50-18.50	223.50-24.00	224.50-17.25
March	218.00-18.20	226.00-26.25	229.25-17.25
May	219.75-20.00	226.50-27.00	225.00-19.00
Aug	221.50-22.00	227.50-28.00	227.00-22.00
Oct	222.50-23.50	228.50-29.00	223.00

Sales: 9,265 (11,552) lots of 50 tonnes.

Tate and Lyle delivery price for granulated basis white sugar was £360.4 (same) a tonne for home trade and £334.50 (£345.00) for export.

International Sugar Agreement (U.S. cents per pound) fob and stowed Caribbean ports. Prices for July 14: Daily price 16.87 (17.25); 15-day average 15.87 (15.81).

POTATOES

LONDON POTATO FUTURES—The market declined further following physical prices with reasonable turnover, reports Coley and Harper. Closing prices: Nov 70.60, -2.40 (high 72.50, low 70.50); Feb 80.80, -2.40 (high 82.30, low 80.70); April 90.80, -2.20 (high 92.10, low 90.60). Turnover: 253 (106) lots of 40 tonnes.

MEAT/VEGETABLES

SMITHFIELD—Pence per pound. Beef: Scottish killed sides 72.3 to 77.3; Ulster hindquarters 82.0 to 84.5, forequarters 55.0 to 57.5. Veal: Dutch hinds and ends 124.0 to 129.5. Lamb: English small 58.0 to 64.0, medium 52.0 to 58.0; Imported frozen: New Zealand PL 58.5 to 61.0, PM 56.5 to 58.5. Pork: English, under 100 lb 41.5 to 52.0, 100-120 lb 45.3 to 51.0, 120-160 lb 41.8 to 50.0.

MEAT COMMISSION—Average fatstock prices at representative markets on July 15. GB—Cattle 87.23p per kg lw (-2.43); UK—Sheep 119.90p per kg est dcw (-26.71); GB—Pigs 68.10p per kg lw (-6.51).

COVENT GARDEN—Prices for the bulk of produce, in sterling per package except where otherwise stated. Imported Produce: Oranges—Outspan: Navels 48 5.10, 56 5.90, 72 5.95, 88 5.35, 112 4.90, 138 4.85, 150 4.40; Californian: 72/113 6.50-7.50. Lemons—Spania: Boxes 5.50-6.50, trays 25/50 2.00-2.80; Californian: 95/145 5.00-6.00; Outspan: 80/195 5.00-7.50. Grapefruit—Outspan: 40 4.55, 48 4.55, 56 4.10, 64 3.70, 72 3.30; Jaffa: 20 kg 40 2.50-3.00, spring crop 4.20. Apples—S. African: Granny Smith 6.00-6.20, Golden Delicious 5.00-5.50, Starking 4.00-6.00, York 3.80-5.00; Chilean: Granny Smith 4.30-4.50, Starking 5.00; Italian: Starking 5.00; New Zealand: Granny Smith 5.30-6.30, Sturmer Pippin 5.00-5.60, Golden Delicious 5.00-6.00, Red Delicious 8.00, Dougherty 7.50-7.80; Tasmanian: Granny Smith 5.00, Sturmer Pippin 5.00-5.50, Democrat 6.50-7.00, Crofton 7.40-7.80; U.S.: Red Delicious 10.00-11.00; French: Golden Delicious 40 lb 125/175 3.50-4.50. Pears—Victorian: Winter Nelis 4.00-4.60, Packham's 6.00-6.50, Josephine 4.20-5.80; Spanish: Per pound Moretini 0.15. Nectarines—Italian: Large trays A/C 4.00-7.00. Plums—Spanish: Rosas 3/8 2.00-3.60, Gaviota 3/8 2.00-3.80, per pound Burbank 0.25-0.35. Apricots—Spanish: 11 lb 2.20-2.80; Hungarian: 13 lb 2.20-2.40. Cherries—Per pound U.S.: 0.85-0.90; Turkish: 0.80; Greek: 0.55-0.60. Grapes—Chilean: Almeria 5.00; Israeli: Perlette 9 lb 4.25; Cyprus: Cardinal 11 lb 4.40, Sultana 5.50, Thompson 9.90. Melons—Israeli: Carmell yellow 6/12 2.50-3.50; Spanish: 10 kg Yellow 3.00-3.50. Water-melons—Spanish: 15 kg 2.50-3.00, 12 kg 1.50-2.50; Italian: 25 kg 4.00. Peaches—Italian: Large trays A/D 1.70-3.30; Greek: 1.20-3.00; French: 1.40-2.80. Pineapples—Ivory Coast: Each 0.40-0.90. Bananas—Per pound Colombian: 0.18-0.20. Avocados—S. African: 12/16 3.50-3.80. Tomatoes—Dutch: 13 lb 2.60. Onions—Spanish: Liria 3/5 4.00-4.50; Israeli: Carmel 4.80; Egyptian: 4.00-4.50. Potatoes—Jersey: New, per 55 lb 2.80-3.00; Cyprus: 44-lb bags 5.20. Capsicums—Dutch: 5 kg green 4.00, red 4.00; Italian: 6 kg green 3.00. Fennel—Italian: 20 lb 5.50; Dutch: 5 kg 3.50. Aubergines—Dutch: 5 lb 3.50-3.80. Carrots—Italian: 22 lb 2.20-2.50; French: Nanies 26 lb 2.80; Cyprus: 22 lb 1.80. Cabbages—Dutch: White 7.50, red 16.00.

English Produce: Potatoes—Per 55 lb Kent 2.40-2.80, Essex 2.40-2.80, Lincoln 2.60-2.80. Mushrooms—Per pound, open 0.25-0.30, closed 0.65-0.70. Apples—Per pound Bramley 0.10-0.15. Cauliflowers—Per 12 Lincoln 1.60-2.40.

★

GRIMSBY FISH — Supply good, demand good. Prices at ship's side (unprocessed) per stone: Shelf cod £5.00-£5.80, codlings £1.40-£3.50. Large haddock £4.00-£4.80, medium £2.60-£3.80, small £1.20-£3.00. Large plaice £4.00-£4.50, medium £4.00-£5.00, best small £3.20-£4.00. Skinned dogfish (large) £5.00-£8.00, (medium) £3.50-£4.50. Lemon soles (large) £7.50, (medium) £7.00. Rockfish £2.40-£3.00. Saithe £1.40-£2.20.

PRICE CHANGES

in tonnes unless otherwise stated.

	July 15 1981	+ or —	Month ago
Metals			
Aluminium	£810/815	......	£810/815
Free Mkt	$1145/1175	......	$1250/280
Copper			
Cash w'bar	£899.25	+10.75	£858.25
3 mths	£924.25	+11.5	£882.75
Cash Cathode	£893.75	+10.25	£851.5
3 mths	£915.25	+11.25	£872.25
Gold troy oz	$415.00	+14.00	$461.5
Lead Cash	£418.75	+5.75	£360.0
3 mths	£418.25	+5.25	£367.25
Nickel	£3,850.50	......	£3,504.50
Freemkt	275/295c	......	275/285c
Platin'mtr'y oz	£247.0	......	£247
Freemkt	£219.75	+5.25	£221.95
Quicksilver†	$430/435	......	$420/430
Silver troy oz	462.30p	-4.6	502.90p
3 mths	477.00p	-4.4	518.65p
Tin Cash	£6,870	+65	£6,405
3 mths	£6,992.5	+72.5	£6,519
Tungsten 22.04 lb	$143.64	......	$145.09
Wolfrm 22.04 lb	$149/152	......	$147/149
Zinc Cash	£465	+6.0	£433.0
3 mths	£470.75	+5.25	£430.5
Producers	$925	......	$925
Oils			
Coconut (Phil)	$595w	-2.5	$590
Groundnut	‡	......	‡
Linseed Crude	£452	......	£442
Palm Malayan	$562.5x	-7.5	$625.0
Seeds			
Copra Philip	$375w	......	$375.0
Soyabean (U.S.)	$304z	-8.0	$299.0
Grains			
Barley Fut Nov	£103.00	+0.80	£94.55
Maize	£128	......	£127.5
Wheat Fut. Nov	£107.70	+1.6	£99.55
No2 Hard Wint	£115.75z	-1.0	£110.50
Other commodities			
Cocoa ship't*	£1130	-30	£892.0
Future Sept	£1089.5	-29.0	£821.5
Coffee F't Sept	£828.5	-8.0	£791.5
Cotton A.Index	86.40c	......	87.50c
Gas oil Aug	$303	+1.5	$277.0
Rubber (kilo)	59.00p	-1.75	61p
Sugar (Raw)	£225w	-10	£200.00
Woolt'ps 64s kl.	381p kilo	......	359p kilo

‡ Unquoted. y Aug-Sept. w July-Aug. z Aug. x Sept. † Per 76-lb flask. * Ghana cocoa. n Nominal.

AMERICAN MARKETS

NEW YORK, July 15.

AFTER EARLY STRENGTH precious metals came under pressure following a rise in the Federal Fund Rate. Better packer interest carried cattle markets to higher levels, while concern about high product prices attracted anticipatory trade hedging and public selling in hogs and bellies. Cocoa was slightly lower as the trade evened-up ahead of the grind estimate on Thursday. Heating oil was fractionally lower as the local trade prepared to switch to the long side of the market, reported Heinold.

SHRDLUmmoldr— — — —

Copper—July 76.50 (75.95), Aug 77.15 (76.65); Sept 78.35-78.45, Dec 82.00-82.10, Jan 83.20, March 85.50-85.80, May 87.70, July 90.00, Sept 91.85, Dec 95.15, Jan 96.25, March 98.35, May 100.45. Sales: 3,500.

*Gold—July 411.4 (same), Aug 413.5-415.0 (414.5), Sept 419.7, Oct 421.0-424.5, Dec 435.0-436.5, Feb 445.5, April 455.7, June 465.9, Aug 478.1, Oct 486.5, Dec 500.5, Feb 508.1, April 519.0.

*Platinum—July 402.0 (402.9), Aug nil (nil), Sept nil, Oct 414.5-415.0, Jan 430.6, April 446.7, July 463.1, Oct 480.0. Sales: 1,966.

Potatoes (round whites)—Nov 75.6-76.0 (74.9), Feb 86.0-87.0 (82.8), March 90.4-90.8, April 102.0-102.2. Sales: 2,299.

¶Silver—July 873.5 (872.0), Aug 879.5 (879.0), Sept 890.0-895.0, Dec 930.0-935.0, Jan 943.7, March 968.0-969.0, May 993.7, July 1018.7, Sept 1043.7, Dec 1081.2, Jan 1093.7, March 1118.7, May 1143.7. Handy and Harman bullion spot: 894.00 (854.00).

Sugar — No. 11: Sept 16.85-16.88 (16.96), Oct 16.95-17.00 (17.09), Jan 17.00, March 17.18, May 17.35-17.40, July 17.60-17.65, Sept 17.80, Oct 17.95. Sales: 10,190.

Tin—590.00-597.00 (578.00-583.00).

CHICAGO, July 15.

Lard—Chicago loose 21.00 (20.75).

Live Cattle—Aug 66.00-66.07 (65.60), Oct 63.45-63.50 (62.87), Dec 64.15-64.25, Feb 65.05-65.10, April 65.97, June 66.95.

Live Hogs—July 52.80-53.00 (53.50), Aug 52.05-52.15 (52.82), Oct 49.00-49.10, Dec 52.45-52.50, Feb 54.20-54.30, April 53.65, June 55.90, July 56.40, Aug 54.95.

Pork Bellies—July 50.30-50.10 (50.60), Aug 50.00-49.65 (50.82), Feb 65.25-65.00, March 65.40-65.15, May 66.25, July 67.25, Aug 66.85.

‡‡Maize—July 343¾-343 (349), Sept 351½-351¾ (357), Dec 362½-362, March 376-375¼, May 383-383½, July 388.

†Soyabeans—July 729-729½ (734¼), Aug 735-737 (742), Sept 745½-746, Nov 766-767, Jan 785-785½, March 806, May 821, July 834.

‖Soyabean Meal—July 205.5 (207.5), Aug 206.8-207.0 (209.1), Sept 210.0-210.5, Oct 213.0, Dec 219.2-219.0, Jan 222.0-222.5, March 229.5-230.0, May 232.0-233.0, July 235.1-235.5, Aug 235.0-236.5.

Soyabean Oil — July 23.50-23.47 (23.79), Aug 23.82-23.80 (24.09), Sept 24.25, Oct 24.80, Dec 25.40, Jan 15.80, May 27.00-27.05, July 27.55, Aug 27.50-27.80.

†Wheat—July 386 (383¾), Sept 401-400 (399½), Dec 431-430½, March 455, May 468½, July 476.

WINNIPEG, July 15.

§Barley—July 144.80 (143.10), Oct 134.90 (132.50), Dec 137.00, March 138.40, May 142.20.

§Wheat—SCWRS 13.5 per cent protein content cif St. Lawrence 243.52 (244.52).

All cents per pound ex-warehouse unless otherwise stated. *$ per troy ounce. ¶ Cents per troy ounce. ‡‡ Cents per 56-lb bushel. † Cents per 60-lb bushel. ‖ $ per short ton (2,000 lbs). § $Can. per metric ton. §§ $ per 1,000 sq feet. ‡ Cents per dozen. †† $ per metric ton.

Tuesday's closing prices

NEW YORK, July 14.

††Cocoa—July 1895 (1900), Sept 1950 (1952), Dec 2045, March 2095, May 2135, July 2165, Sept 2210, Dec 2240. Sales: 3,880.

Coffee—"C" Contract: July 100.00-100.80 (104.00), Sept 98.10-98.25 (101.26), Dec 92.50-92.55, March 89.25, May 88.50-89.00, July 88.50-89.00, Sept 88.50-89.00, Dec 88.00-88.50. Sales: 1,991.

Cotton—No. 2: Aug 78.40-79.00 (79.00), Oct 76.85-77.10 (78.00), Dec 76.30-76.50, March 78.20-78.30, May 79.80-80.00, July 81.00-81.25, Oct 79.60, Dec 79.20-79.40. Sales: 4,350.

Heating Oil (cents per U.S. gallon)—Aug 0.9378 (0.9408), Sept 0.9495 (0.9525), Oct 0.9622, Nov 0.9790, Dec 0.9970, Jan 1.0130, Feb 1.0255, March 1.0425, April 1.0485, May 1.0510, June 1.0600, July 1.0625, Aug 1.0650. Turnover: 4,349.

Orange Juice—July 125.95-126.00 (128.00), Sept 130.30-130.40 (132.65), Nov 133.80, Jan 136.55, March 138.10-138.30, May 139.65-140.00, July 141.20-141.60, Sept 142.75-143.75, Nov 144.30-144.60. Sales: 1,300.

CHICAGO, July 14.

Chicago 1mm Gold—July 410.0 (404.0), Aug 413.5 (407.5), Sept 420.2-419.5, Oct 424.9, Dec 435.0-435.8, Jan 440.3, March 451.0, April 456.0, June 466.5, July 471.8.

NEW ORLEANS—Milled Rice Futures (cents per cwt. of U.S. No. 2 long grain): Sept 2376.4 (2380), Nov 2285 (2309), Jan 2325, March 2361, May 2392.

EUROPEAN MARKETS

PARIS, July 15.

Cocoa—(FFr per 100 kg): July 1120-1175, Sept 1190-1210, Dec 1220-1231, March 1246-1267, May 1269, July 1291, Sept 1309. Sales at call: Nil.

Sugar—(FFr per tonne): Aug 2590/2660, Nov 2430/2460, Dec 2400/2405, March 2450/2460, May 2470/2510, July 2480/2530, Aug 2490/2550. Sales at call: 7.

ROTTERDAM, July 15.

Wheat—(U.S. $ per tonne): U.S. No. 2 Dark Hard Winter, 13.5 per cent: Aug 200, Sept 202. U.S. No. 2 Red Winter: July 150, Aug 156. U.S. No. 2 Northern Spring, 14 per cent: Aug 191, Sept 194, Oct 197, Nov 202.

Maize—(U.S. $ per tonne): U.S. No. 3 Corn Yellow: Afl 159, July/Aug 158, Sept 159.50, Oct 162.75, Nov 163.75, Dec 166.50, Oct/Dec 164, Jan/March 172.50.

Soyabeans—(U.S. $ per tonne): U.S. Two Yellow Gulfports Aug 298.40, Sept 298, Oct 301.75, Nov 302.75, Dec 308.50, Jan 314, Feb 318.75, March 323.30, April 328, May 331.75, Argentine afloat 293.

Soyameal—(U.S. $ per tonne): 44 per cent protein U.S. afloat 248, July 249, Aug 249 traded, afloat 249, July/Aug 250, Sept 252, Oct 257, Nov/March 267.50 sellers. Brazil Pellets afloat 252.50 traded, July 253, Aug 258, Sept 262, Oct 268.50, Nov/March 283 sellers.

INDICES

FINANCIAL TIMES

July 14	July 13	Month ago	Year ago
260.26	261.86	249.35	274.18

(Base: July 1, 1952=100).

MOODY'S

July 14	July 13	Month ago	Year ago
1069.1	1074.0	1084.8	1181.4

(December 31, 1931=100)

DOW JONES

Dow Jones	July 14	July 13	Month ago	Year ago
Spot	385.43	386.83	382.78	430.83
Fut'rs	388.16	392.88	388.21	446.08

(Average 1924-25-26=100).

REUTERS

July 15	July 14	M'nth ago	Year ago
1704.3	1717.0	1747.7	1686.4

(Base: September 18, 1931=100)

Increasing optimism about BP issue result underpins equities which also feature strong clearing banks

Account Dealing Dates

Option *First Dealings	Declarations	Last Dealings	Account Day
June 29	July 9	July 10	July 20
July 13	July 22	July 23	Aug 3
July 27	Aug 6	Aug 7	Aug 17

* "New-time" dealings may take place from 9.30 am two business days earlier.

Drawing encouragement from increasing optimism about British Petroleum's jumbo rights issue, the result of which will probably be announced today, leading shares reversed an early downdrift and closed marginally higher. Overall trade remained slow, but a firm Oil sector was also influenced by a transatlantic report that BP's Canadian offshoot was being eyed as a possible takeover candidate. Husky Oil, which earlier this week announced its intention to buy Shell's Oil's Canadian unit, was thought to be preparing a joint approach with Canadian Pacific.

Banks were the other dominant sector. Buying interest here was fuelled by a combination of factors including bid possibilities and thoughts about higher base rates, brokers' circulars and the approaching dividend season which begins with Lloyds tomorrow. Stores also attracted more attention than recently following reports of Marks and Spencer's annual meeting and the chairman's reference to current trading. The bids and mergers sector was enlivened by offers for Amalgamated Power Engineering and Law Land.

The pattern of movements in the equity leaders was measured by an opening fall of 1.5 in the FT Industrial Ordinary share index being recovered an hour later and extended to a gain of 2.8 at 3 pm before a close of 1.8 up on balance at 533.7.

The partial rally yesterday in sterling failed to impress the market in government securities which remained more concerned over the course of international interest rates. After holding steady most of the session, longer-dated stocks turned easier just before the official close and finally showed losses of around ¼. Shorter issues were featured by a rise of 1¼ in Exchequer 3 per cent 1983 to 91¼ ex-dividend, after 92¼, following the re-investment of proceeds from the recently-matured Exchequer 3 per cent 1981. Other low-coupon stocks also went higher.

Demand for Traded options improved sharply and 2,032 deals were arranged, the highest total so far this week. British Petroleum attracted 728 calls and 40 puts. Following the annual meeting, Marks and Spencer were dealt in 325 times for the call, 216 of which were struck in the July 130s.

The big four clearing Banks forged further ahead after the official close and were finally showing gains extending to 17. NatWest put on that much at 412p, Barclays were 16 up at 448p and Lloyds 12 higher at 402p. Midland rose 10 to 340p. Elsewhere, Grindlays made late progress following a resurgence of bid speculation to record a rise of 28 to 250p. Standard and Chartered moved up 20 to 660p. Consideration of the good results and optimistic statement left Wintrust 5 better at 125p.

Insurances, too, provided many good features, notably Commercial Union which gained 7 to a 1981 peak of 185p. Prudential also closed that amount higher at 232p, while GRE, 338p, and General Accident, 338p, rose 8 apiece. Demand in a thin market raised Hambro Life 13 to 418p.

Recent support of Breweries dried up and the leaders were generally quoted around the overnight levels. Among regionals, Buckleys, 51p, recovered most of Tuesday's fall of 3 which followed the proposed £1m rights issue. Fuller, Smith and Turner were marked 10 higher at 345p following the annual results. Elsewhere, Arthur Bell added 4 to 138p after favourable Press comment.

Among scattered changes in the Building sector, Brown and Jackson were prominent with a fresh rise of 5 to 58p, but comment on the preliminary results prompted renewed dullness in Magnet and Southerns which eased 4 more to 144p.

Speculative buying left Catalin 5 to the good at 55p, while Allied Colloids edged up 3 to 153p awaiting today's preliminary statement.

Marks stand out

The chairman's cautiously confident remarks about current trading at the annual meeting prompted good support of Marks and Spencer, 6 dearer at 133p. Other Store majors trended firmer in sympathy; UDS, 79p, Burton, 125p, and British Home, 138p, all added 2. Secondary issues were again featured by Mr Asil Nadir's companies; Polly Peck rose 8 more to 368p, after 372p, while Cornell Dresses advanced 12 to 180p. Buyers continued to show interest in Curry's, 16 up at 196p, and in Aquascutum A, 1½ better at 30p, but Owen Owen lost 3 more at 215p, while Ladies Pride Outerwear also shed 3, to 55p, the last-mentioned following reduced first-half earnings. Austin Reed remained buoyed by takeover speculation and the A closed 6 up for at wo-day gain of 13 at 90p; market speculation suggests Greatermans Stores of South Africa as a likely suitor.

Conditions in the Electrical market were quiet and leading issues rarely strayed far from the overnight closing levels. Among the occasional noteworthy movements, Forward Technology weakened 7 to 84p. Vitatron were quoted at 45p; the price in yesterday's issue was incorrect.

Amalgamated Power Engineering, a good market of late, featured Engineerings with a rise of 32p to 141p on the share exchange offer and alternative cash bid worth 140p from NEI which closed a shade dearer at 83½p. Among other Engineering issues, G.M. Firth, still reflecting Mr Ian Wasserman's 20 per cent stake, improved 4 more to 102p. Fresh demand was seen for F. H. Lloyd 5 dearer at 41½p, but Birmid Qualcast eased 1½ to 21½p on the interim pre-tax loss. Leading issues turned easier, falls of 4 being recorded in Tubes, 140p, and GKN, 136p.

Foods presented a narrowly mixed appearance. Associated Dairies, 182p, and J. Sainsbury, 430p, both shed 2, but Unigate, annual results today, improved 3 to 102p.

The majority of the miscellaneous industrial leaders ended the day at slightly higher levels. Elsewhere, bid speculation continued in Ofrex which advanced 6 more to 113p. The revelation that Starwest had a 14¼ per cent holding in Braby Leslie stimulated fresh buying interest in the latter which advanced afresh to 56p before settling another 4 up at 52p; the announcement that Starwest had no intention of making a bid came well after market hours. Satisfactory preliminary results left Cawoods 6 higher at 218p, while Christie-Tyler firmed 3 to 48p on the second-half recovery. Ropner revived with a rise of 7 to 224p and gains of 6 were marked against BTR, 338p, and J. Bibby, 292p. Bridport-Gundry, up 1½ more at 23½p, continued to reflect completion of the company's major reorganisation. Lead Industries were supported at 161p, up 5, along with Dufay Bitumastic, 3 to the good at 42p. Alexander Russell hardened a few pence more to 267p in response to the results and proposed one-for-one scrip issue.

Interim results from Associated Newspapers were much in line with market expectations and the close was 2 up at 238p, after 240p. Elsewhere, BPC responded to scattered support and ended 2½ up at 22½p.

Properties received an extra fillip from Churchbury Estate's share exchange offer for Law Land which jumped 19 to 118p; Churchbury rose 40 to 720p, after 725p. News of the proposed revaluation excited interest in Daejan, up 6 at 188p, the annual results being in line with expectations. Land Securities continued to lead the section higher and closed 6 dearer at 346p, while Samuel, 117p, Regional, 160p, and Capital and Counties, 127p, rose about 4.

Oils good

Hopes of a reasonably successful outcome to the BP rights issue gave fresh encouragement to the Oil sector. Trading conditions, however, remained rather thin and the continuing recovery movement was again largely technical. BP partly paid shares improved 6 to 150p with the Old 4 up at 302p. Shell firmed 8 to 376p. Among the more speculative issues, Clyde featured with a rise of 25p to 195p, while bid hopes prompted a rise of 15 to 458p in Ultramar. Press mention assisted a gain of 13 to 383p in Berkeley Exploration.

Movements of note in Trusts were restricted to Far-Eastern counters, G. T. Japan closing 7 better at 354p and Crescent Japan advancing 8 to 344p.

Shippings were barely altered with the noteable exception of Graig, which jumped 2½ points in a thin market to £23 following the preliminary results.

Textiles held close to the overnight positions, although Yorklyde continued to attract speculative support and added 5 more to 245p. Dealings in British Enkalon were suspended at 5p; the company is to close its factory in Antrim, resulting in 1,100 redundancies.

Golds improve

The $14 rise in the bullion price to $415 an ounce, prompted a firmer trend in South African Golds.

The market held steady throughout the morning and early afternoon but picked up well in the after-hours' trade as U.S. demand left prices at the day's best. The Gold Mines index rose 1.5 to 316.0.

Financials made good progress. London issues were again featured by Tanks, which touched 308p on Continental buying before closing a net 7 up at 302p. Gold Fields mirrored the rise in the metal price and also moved up 7, to 452p, while Charter added 5 to 240p.

In mixed South African Financials, Johnnies advanced ½ to £34¼ reflecting the good performance by Randfontein in the June quarter but Anglo American Corporation dipped 5 to 650p in front of the chairman's statement. UC Investments closed 10 firmer at 535p.

Activity in Australians remained at a low level. Northern Mining were re-quoted, following the similar action in Sydney and Melbourne, and closed at 190p compared with a pre-suspension price of 188p. Bond Corporation, bidding for the latter through its associate Endeavour Resources, became a firm market and put on 14 to 214p.

NEW HIGHS AND LOWS FOR 1981

The following quotations in the Share Information Service yesterday attained new Highs and Lows for 1981.

NEW HIGHS (62)

BRITISH FUNDS (5)
AMERICANS (4)
CANADIANS (2)
BANKS (4)
BUILDINGS (1)
CHEMICALS (3)
ELECTRICALS (2)
ENGINEERING (7)
FOODS (1)
INDUSTRIALS (11)
INSURANCE (4)
MOTORS (1)
PAPER (2)
PROPERTY (2)
TEXTILES (1)
TRUSTS (10)
OIL AND GAS (1)
OVERSEAS TRADERS (1)

NEW LOWS (20)

BRITISH FUNDS (3)
Treasury 15pc 1985 War Loan 3½pc
Exchequer 11¼pc '86
AMERICANS (2)
Amdahl Sperry Corp.
BANKS (1)
Prov. Financial
STORES (1)
Time Products
ELECTRICALS (2)
Forward Technology Vitatron N/V
INDUSTRIALS (3)
British Cine. Christies Int.
Cape Inds.
INSURANCE (1)
Ennia UK 9pc Cnv.
LEISURE (1)
Hawley Leisure
MOTORS (1)
Plaxton's
PROPERTY (1)
Austmark
SHIPPING (1)
Gotaas-Larsen
OIL AND GAS (1)
Ceres Res.
MINES (2)
Seltrust 'A' York Resources

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	12	67	16
Corpns. Dom. and Foreign Bonds	—	3	64
Industrials	246	146	978
Financial and Props.	147	52	300
Oils	30	21	42
Plantations	2	11	10
Mines	40	45	82
Others	29	73	87
Totals	506	418	1,579

FINANCIAL TIMES STOCK INDICES

	July 15	July 14	July 13	July 10	July 9	July 8	A year ago
Government Secs.	64.99	64.27	64.61	64.58	64.00	63.81	71.71
Fixed Interest	66.29	66.31	66.40	66.23	66.15	65.76	72.55
Industrial Ord.	533.7	531.9	532.1	524.5	519.0	522.4	585.1
Gold Mines	316.0	314.5	323.0	323.2	314.1	293.2	383.9
Ord. Div. Yield	5.96	5.98	5.98	6.07	6.15	6.11	7.22
Earnings, Yld. % (full)	11.48	11.52	11.52	12.09	12.35	12.27	17.49
P/E Ratio (net) (*)	10.91	10.87	10.87	10.32	10.99	10.15	6.90
Total bargains	16,945	18,098	180.36	19,673	18,918	18,646	28,824
Equity turnover £m.	—	102.78	100.13	149.73	133.85	138.57	223.82
Equity bargains	—	13,145	13,267	15,367	14,459	18,028	21,299

10 am 530.4. 11 am 432.2. Noon 532.8. 1 pm 534.2. 2 pm 534.4. 3 pm 534.7.

* Nil=10.06.

Latest index 01-246 8026.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. SE Activity 1974.

HIGHS AND LOWS

	1981 High	1981 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	70.61 (20/3)	63.81 (8/7)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	72.01 (20/3)	66.15 (3/7)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	597.3 (30/4)	446.0 (14/1)	597.3 (30/4/81)	49.4 (26/6/40)
Gold Mines	431.1 (6/1)	262.6 (29/6)	558.9 (22/9/80)	43.5 (26/10/71)

S.E. ACTIVITY

	July 14	July 13
—Daily		
Gilt Edged Bargains	230.3	196.2
Equities Bargains	85.2	86.0
Value	207.7	202.4
5-day Avrge.		
Gilt Edged Bargains	196.2	186.2
Equities Bargains	92.4	96.2
Value	252.7	259.7

LEADERS AND LAGGARDS

Contracting, Construction	+36.69	Mechanical Engineering	+21.81	Office Equipment	+ 8.69
Other Industrial Materials	+30.57	Electricals	+20.42	Mining Finance	+ 8.37
Health and H'sehold Products	+28.25	Newspapers, Publishing	+17.80	All-Share Index	+ 8.00
Textile	+27.67	Brewers and Distillers	+17.28	Metals and Metal Forming	+ 7.63
Packaging and Paper	+25.99	Insurance (Composite)	+16.87	Motors	+ 7.06
Tobaccos	+25.89	Consumer Group	+16.81	500-Share Index	+ 6.84
Engineering Contractors	+25.57	Industrial Group	+16.46	Stores	+ 3.79
Other Consumer	+24.82	Insurance (Life)	+16.46	Other Groups	+ 1.54
Leisure	+23.99	Merchant Banks	+16.13	Overseas Traders	+ 0.72
Hire Purchase	+23.84	Food Retailing	+13.55	Shipping and Transport	− 0.24
Insurance Brokers	+23.81	Financial Group	+13.10	Discount Houses	− 4.08
Food Manufacturing	+22.62	Banks	+10.45	Chemicals	− 6.31
Building Materials	+22.60	Property	+10.02	Gold Mines Index	−22.83
Capital Goods	+21.94	Investment Trusts	+ 9.31	Oils	−24.88

Percentage changes since December 31, 1980, based on Tuesday, July 14, 1981

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday.

Stock	Closing price pence	Day's change	Stock	Closing price pence	Day's change
Barclays Bank	448	+16	Lloyd (F. H.)	41½	+ 5
Charter Consolidated	240	+ 5	Marks and Spencer	133	+ 6
Commercial Union	185	+ 7	Ofrex	113	+ 6
Dowty	281	+ 5	Reed (Austin) A	90	+ 6
Firth (G. M.)	102	+ 4	Tanks Con.	302	+ 7
Land Sec.	346	+ 6	Ultramar	458	+15

OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
July 6	July 17	Oct. 8	Oct. 19
July 20	July 31	Oct. 22	Nov. 2
Aug. 3	Aug. 14	Nov. 5	Nov. 16

For rate indications see end of Share Information Service

Money was given for the call in NCC, Western Selection, Singlo, Royal Bank of Scotland, Pancontinental, F. H. Lloyd, Electronic Machine, Dunlop, L and J. Hyman, Friedland Doggart, Stone-Platt and Aran Energy. A put was arranged in Marks and Spencer and a double in Lonrho.

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Wed., July 15, 1981 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Tues., July 14 Index No.	Mon., July 13 Index No.	Fri., July 10 Index No.	Thur., July 9 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (214)	351.26	+0.2	10.43	4.45	11.83	350.47	348.32	346.46	343.31	283.32
2	Building Materials (25)	302.31	+0.2	13.00	5.63	9.37	301.81	298.41	299.13	297.05	266.57
3	Contracting, Construction (28)	553.18	+0.1	17.16	5.13	6.78	552.83	548.32	543.55	538.23	418.41
4	Electricals (29)	1152.98	—	7.97	2.38	15.34	1152.86	1152.68	1142.86	1128.96	808.27
5	Engineering Contractors (11)	500.25	+0.2	11.91	5.39	10.11	499.14	490.20	487.64	486.01	332.16
6	Mechanical Engineering (69)	209.92	+0.5	12.67	5.70	9.92	208.96	207.15	206.48	204.48	187.67
8	Metals and Metal Forming (13)	147.62	−0.1	10.93	8.05	12.03	147.83	145.35	144.86	143.27	173.04
9	Motors (21)	98.98	+0.3	2.59	7.05	—	98.70	99.35	99.34	98.43	103.64
10	Other Industrial Materials (18)	378.76	+0.9	9.64	5.29	12.44	375.29	378.98	368.35	368.33	0.00
21	CONSUMER GROUP (195)	279.67	+0.5	12.45	5.71	9.88	278.18	277.46	274.26	271.93	239.72
22	Brewers and Distillers (20)	309.39	+0.2	14.82	6.23	8.03	308.71	308.26	303.50	302.41	305.65
25	Food Manufacturing (21)	259.38	+0.2	15.07	6.39	7.98	258.85	256.22	256.22	255.50	219.08
26	Food Retailing (14)	526.35	−0.4	9.35	3.38	12.74	528.39	525.51	517.81	515.58	338.54
27	Health and Household Products (7)	339.50	+0.2	8.11	4.31	14.68	338.69	336.65	333.68	331.59	234.77
29	Leisure (22)	432.74	—	10.02	4.88	12.33	432.76	431.68	421.94	412.83	347.82
32	Newspapers, Publishing (12)	508.27	+1.5	12.25	5.89	11.61	500.62	497.05	494.91	488.89	448.63
33	Packaging and Paper (13)	145.24	+0.6	14.46	7.29	8.22	144.34	144.46	141.77	140.55	140.38
34	Stores (44)	261.54	+2.0	11.04	5.05	12.06	256.36	257.06	253.82	250.72	227.70
35	Textiles (23)	159.71	+0.3	7.02	5.74	20.82	159.18	158.33	156.48	156.13	148.43
36	Tobaccos (3)	248.32	−1.2	21.16	9.99	5.51	251.30	251.78	249.51	245.84	226.55
39	Other Consumer (16)	297.33	—	5.46	6.39	34.59	297.26	294.90	294.36	295.03	0.00
41	OTHER GROUPS (79)	224.97	+0.4	13.09	6.73	9.34	223.99	222.65	222.17	222.52	230.49
42	Chemicals (15)	279.33	+0.3	11.64	7.43	10.74	278.40	279.04	275.13	274.56	325.72
44	Office Equipment (6)	110.78	+0.4	14.90	7.56	8.05	110.35	108.58	113.02	115.55	109.53
45	Shipping and Transport (13)	540.17	+0.7	16.34	7.03	7.18	536.24	534.69	534.68	538.43	610.62
46	Miscellaneous (45)	295.74	+0.5	13.07	5.64	9.37	294.38	290.34	290.28	289.80	283.30
49	INDUSTRIAL GROUP (488)	296.38	+0.4	11.76	5.36	10.46	295.18	293.90	291.54	289.36	255.84
51	Oils (12)	709.99	+1.8	23.60	8.09	4.70	697.55	694.29	675.00	653.38	813.74
59	500 SHARE INDEX	329.89	+0.6	13.78	5.82	8.65	327.80	326.36	322.65	318.94	308.88
61	FINANCIAL GROUP (118)	270.87	+2.0	—	5.40	—	265.51	265.09	263.65	259.18	235.25
62	Banks (6)	281.75	+3.3	32.54	6.44	3.58	272.67	275.75	273.57	266.84	247.68
63	Discount Houses (10)	279.15	+0.3	—	8.08	—	278.38	277.45	274.47	274.68	277.56
64	Hire Purchase (3)	242.87	−0.6	12.61	7.48	10.98	244.35	245.83	244.96	251.76	249.03
65	Insurance (Life) (10)	275.51	+2.5	—	5.49	—	268.76	267.29	266.79	263.87	231.85
66	Insurance (Composite) (9)	175.15	+1.8	—	7.27	—	172.10	171.52	173.10	172.09	156.78
67	Insurance Brokers (8)	400.98	+1.3	11.13	5.79	12.19	395.65	391.25	390.65	389.54	344.37
68	Merchant Banks (13)	172.00	−0.1	—	4.94	—	172.12	169.45	169.05	168.40	137.11
69	Property (49)	495.67	+1.2	3.72	2.79	36.85	489.66	487.44	478.88	464.82	437.12
70	Miscellaneous (10)	183.18	+3.2	17.62	5.61	6.90	177.46	176.53	175.61	173.58	141.22
71	Investment Trusts (109)	308.35	+0.1	—	5.12	—	308.15	306.43	305.64	303.67	262.64
81	Mining Finance (3)	248.19	+0.5	14.19	5.51	8.30	247.03	247.25	247.47	239.01	244.01
91	Overseas Traders (20)	432.56	+0.2	11.81	6.89	10.56	431.50	430.16	430.45	428.68	413.94
99	ALL-SHARE INDEX (750)	318.04	+0.8	—	5.71	—	315.37	314.18	311.31	307.37	286.58

FIXED INTEREST

	PRICE INDICES	Wed., July 15	Day's change %	Tues., July 14	xd adj. today	xd adj. 1981 to date
	British Government					
1	5 years	107.26	+0.16	107.21	0.11	5.60
2	5-15 years	103.22	−0.23	103.60	0.13	6.51
3	Over 15 years	104.03	−0.30	104.59	0.25	8.03
4	Irredeemables	114.74	−0.37	115.16	—	7.43
5	All Stocks	104.53	−0.12	104.81	0.16	6.65
6	Debentures & Loans	81.17	+0.03	81.15	—	6.11
7	Preference	62.06	+0.01	62.05	—	3.74

	AVERAGE GROSS REDEMPTION YIELDS		Wed., July 15	Tues., July 14	Year ago (approx.)
	British Government				
1	Low Coupons	5 years	12.44	12.56	11.30
2		15 years	13.33	13.26	11.27
3		25 years	13.59	13.48	11.27
4	Medium Coupons	5 years	14.76	14.74	12.68
5		15 years	15.30	15.24	12.65
6		25 years	14.86	14.81	12.60
7	High Coupons	5 years	14.84	14.79	12.78
8		15 years	15.47	15.42	13.04
9		25 years	15.08	15.02	12.95
10	Irredeemables†		12.89	12.84	10.94
11	Debs & Loans	5 years	15.81	15.87	13.56
12		15 years	15.94	15.95	13.58
13		25 years	15.95	15.95	13.59
14	Preference†		16.10	16.10	14.93

† Flat yield. Highs and lows record, base dates and values and constituent changes are published in Saturday issues. A list of the constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 26½p.

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RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid Up	Latest Renunc. Date	1981 High	1981 Low	Stock	Closing Price p	+ or −	Div. Amount	Times Covered	Gross Yield	P.E. Ratio
§35	F.P.	22/7	37	28	Allied Residential 10p	30	......	b2.45	3.0	11.7	6.3
—	F.P.	—	140	137	Bonusbond	138	......	—	—	—	—
Ir£0.50	F.P.	19/6	40	26	✻Eula Resources	35	+2	—	—	—	—
75	F.P.	17/7	91	79	Cambridge Elec.	86	......	b3.7	2.2	6.2	8.7
‖¶‖	F.P.	—	25	19	††Energy Sources	19	......	—	—	—	—
—	F.P.	—	7	6	††Explaura Gold	6	......	—	—	—	—
§10	F.P.	—	22	17	✻ICC Oil services	21	—1	—	—	—	32.1
72	F.P.	—	64	62	Jackson Exploration	64	+2	Q1.5c	—	1.2	—
95	F.P.	7/8	85	69	KCA Drilling	71	+1	b3.75	1.7	7.5	9.2
140	F.P.	—	207	194	Memec 10p	205	......	b50	2.3	2.1	25.4
512	F.P.	—	640	555	Mexico Fund	535	—10	—	—	—	—
§51	F.P.	20/7	69	61	✻Microfilm Repro.	66	......	b2.5	1.4	5.5	18.8
100	F.P.	24/7	107	98	Murray Technology	99	......	—	—	—	—
‡44	F.P.	30/6	58	40	✻Selectv	41	......	—	—	—	—
§83	F.P.	17/7	90	80	✻Stanelco	83	......	—	—	—	25.9
§155	F.P.	3/8	205	190	✻Star Computer	200	......	2.0	4.3	1.4	20.8
§90	F.P.	31/7	100	92	✻Trident Comp. Serv.	100	+2	bd1.5	4.0	2.1	16.8
§80	F.P.	14/7	91	85	✻United Ceramic Dist	88	......	b4.2	1.9	6.8	10.1
100	F.P.	15/7	104	98	Utd. Comp. & Tecngy	100	+2	—	—	—	—
§88	F.P.	31/7	98	89	✻Zygal Dynamics	96	+1	u0.75	6.3	1.1	16.1

FIXED INTEREST STOCKS

Issue price £	Amount Paid Up	Latest Renunc. Date	1981 High	1981 Low	Stock	Closing Price £	+ or −
—	F.P.	6/7	110	103	Aitken Hume 10% Cnv. Uns. Ln. 1990/91	106	+2
99.87	F.P.	16/7	99⅝	96¼	Finland 14½% Ln. 1986	96	......
98½	£25	—	25¾	25	Inco 15¾% Uns. Ln. 2006	25¼	......
¶97	F.P.	—	10	9	Mid-Kent Water 9% Red. Prf. 1987	97	......
¶100	F.P.	28/8	98½	97	Mid-Southern Wat. 9% Red. Pref. '86	97	......
‖	Nil	17/7	4pm	¼pm	Mount Charlotte 9½% Cnv. Ln. 1995-2000	¼pm	—¼
99	F.P.	27/8	99	91	Newcastle Water 7¼% Red. Pref. 1986	91	......
100‖	Nil	23/7	9pm	1pm	Prop. Hldg. & Inv. Tst. 8¼% Cnv. Ln.	3pm	......
¶98	F.P.	28/8	92½	79½	Sunderland & S.S. Water 8% Red. Prf. '87	91½	......

"RIGHTS" OFFERS

Issue Price p	Am'unt paid up	Latest Renunc. Date ●	Latest Renunc. Date ■	1981 High	1981 Low	Stock	Closing price p	+ or −
190	F.P.	6/7	4/9	246	222	AGB	246	......
22	Nil	—	—	2pm	1½pm	A.I.D.	2pm	......
45	Nil	23/7	28/8	9pm	5pm	Brengreen	5½pm	......
275	125p	13/7	2/12	171	130	B.P.	150	+6
165	F.P.	3/7	7/8	181	178	Crouch (D)	180	......
375	F.P.	10/7	73/8	410½	400	English Association	405	+3
30	F.P.	6/7	7/8	87	76	Euro Ferries	84	—1
55	F.P.	12/6	11/8	68	65½	Fine Art	65	......
255	F.P.	13/7	10/8	320	339	Flight Refuelling	367	+4
90	F.P.	10/7	21/8	132	121½	Geers Gross	125	......
250	F.P.	17/6	24/7	346	269	G.R.E.	338	+8
HK$12	HK$6	—	—	109	66	Hong Kong & Shanghai Bk.	106	......
205	F.P.	8/6	24/7	270	247	Horizon Travel	252	......
315	F.P.	26/6	7/8	343	327	Lyle Shipping	330	+3
70	F.P.	17/6	24/7	84	72	Northern Engineering	83	—1
50	F.P.	9/7	12/8	75	65	Old Swan Hotel (H'gate)	68	+2
60	F.P.	26/6	7/8	69	62	Second City Props	65½	......
6	P.P.	6/5	21/9	11½	6½	Sterling Credit	9½	......

Renunciation date usually last day for dealing free of stamp duty. *b* Figures based on prospectus estimate. *g* Assumed dividend and yield. *u* Forecast dividend: cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimate for 1981. Q Gross. T Figures assumed. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price. *p* Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation, merger or takeover. ‖‖ Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants. †† Dealings under special Rule. ✻ Unlisted Securities Market. ‡‡ London Listing. ‡ Effective issue price after scrip.

UNIT TRUST SERVICE

OFFSHORE & OVERSEAS—contd.

Clive Investments (Jersey) Ltd.
P.O. Box 86, St. Peter Port, Guernsey. 0481 26521
C. H. Gilt Growth Fd.* £9.31 9.72 −0.11 3.60
Clive Gilt Fd. (C.I.) £8.16 8.52 −0.06 15.49
*Prices on July 16. Next dealing July 23.

Cornhill Ins. (Guernsey) Ltd.
P.O. Box 157, St. Peter Port, Guernsey
Intnl. Man. Fd. 245.0 266.5 ...... —

Cortexa International
10a, Boulevard Royal, Luxembourg.
Cortexa Intnl. US$81.30 — −0.15 —

Craigmount Fixed Int. Mngrs. (Jersey)
P.O. Box 195, St. Helier, Jersey. 0534 27561
Gilt Fund (Jsy.) 89.4 89.5 −0.5 15.08
Valued weekly Wednesday.

DWS Deutsche Ges. F. Wertpapiersp
Grunebergweg 113, 6000 Frankfurt
Investa DM34.11 35.85 −0.05 —

Delta Group
P.O. Box 3012, Nassau, Bahamas
Delt. Inv. July 7 $4.40 4.62 ...... —
London Agents: Kleinwort Benson. Tel: 01-623 8000

Deutscher Investment-Trust
Postfach 2685 Biebergasse 6-10 6000 Frankfurt
Concentra DM17.92 18.37 −0.04 —
Int. Rentenfonds DM62.54 64.10 ...... —

Dreyfus Intercontinental Inv. Fd.
P.O. Box N3712, Nassau, Bahamas.
NAV July 7 US$33.66 35.86 ...... —

Duncan Lawrie Inv. Mgt. (Jersey)
15-17, New St., St. Helier, Jersey 0534 73637
DL Sterling 40.0 42.0 ...... 7.00
DL International $1.33 1.40 ...... 6.10

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

Abbey Unit Tst. Mngrs. (a)
72-80, Gatehouse Rd., Aylesbury 0296 5941

Abbey Am. Gth. Tst.	66.9	71.9	-0.3	2.02
Abbey Capital	50.5	54.6	+0.3	4.08
Abbey General	58.7	63.5xd	-0.9	4.83
Abbey Gilt & F.I. 1st	98.3	103.5xd	+0.2	12.66
Abbey Income	37.3	40.9xd	+0.1	8.71
Abbey W'w.Bd.Tst.	97.0	102.6xd	-0.9	6.53
Abbey Inv. Ts. Fd.	54.2	58.6	.....	4.29
Equitas Prog. Tst.	85.2	92.1	+0.4	4.44

Allan Harvey & Ross Unit Tst. Mngrs.
45, Cornhill, London EC3V 3PB. 01-623 6314.

AHR Gilt Trust	83.7	88.8	+0.4	12.91

Allied Hambro Ltd. (a) (g)
Hambro Hse., Hutton, Brentwood, Essex.
01-588 2851 or Brentwood (0277) 211459

Balanced Funds				
Allied 1st	94.1	100.7	+0.9	5.56
Brit. Inds. Fund	78.7	84.2	+0.3	6.06
Growth & Income	53.6	57.4xd	+0.7	4.36
Elect. & Ind. Dev.	47.9	51.3	+0.3	4.87
Allied Capital	103.6	110.9	+1.1	3.97
Hambro Fund	138.2	147.9	+1.1	5.42
Hambro Acc. Fund	196.1	209.8	+1.5	3.91
Income Funds				
High Yield Fd.	69.3	74.2	+0.3	8.09
High Income	84.3	90.2	+0.6	7.10
Equity Income Fd.	47.1	50.4xd	+0.3	7.26
Govt. Secs.	23.8	24.4	+0.1	12.70
International Funds				
International	40.3	43.1xd	-0.7	1.93
Japan Fund	31.8	34.0xd	-0.6	0.19
Pacific Fund	83.9	89.8xd	-0.6	0.89
Secs. Of America	91.8	98.2	-0.9	1.68
Specialist Funds				
Smaller Co.'s Fd.	59.9	64.1xd	+0.1	3.67
2nd Smlr. Co's Fd.	74.5	79.7	+0.2	3.76
Recovery	29.3	31.4	+0.4	4.49
Met. Min. & C'dty.	68.5	73.3	.....	5.01
Overseas Earnings	73.6	78.7xd	+0.3	4.96
Exempt Funds				
Income Exempt	53.8	56.5xd	.....	7.70

Craigmount Unit Tst. Mgrs. Ltd.
Bucklersbury, London EC4N 8BD. 01-248 4984

High Income	34.5	37.7xd	.....	12.06
North American	71.3	77.0	.....	2.22
Canadian Exempt*	80.5	85.1	.....	2.70
Canadian Trust	72.1	77.9	-1.2	2.26
Mid Mount High Inc.*	48.5	51.9	.....	9.39
Recovery	59.4	64.9	+0.1	6.63
Gilt Trust	39.9	41.8	.....	13.87

*Weekly dealing day Wednesday.

Crescent Unit Tst. Mngrs. Ltd. (a)(g)
4 Melville Cres., Edinburgh 3 031-226 4931

Cres. Amer. Fd.	48.0	51.8	-0.9	0.48
Cres. Internat'l.	95.3	102.9	-1.1	1.46
Cres. High. Dist.	45.4	49.0	.....	9.18
Cres. Reserves	53.2	57.4	+0.2	5.23
Cres. Tokyo	43.7	47.1	-0.5	0.27

Dartington Unit Trust Mngt. Ltd.
Bridge Chambers, Barnstaple, Devon 0271 76324

Total Perf. Unit Tst.	23.8	25.2	.....	8.38

Discretionary Unit Fund Managers
36/38 New Broad St, EC2M 1NU. 01-638 4485

Disc. Inc. July 10	250.8	267.5	.....	4.95

E. F. Winchester Fund Mngt. Ltd.
44, Bloomsbury Square, WC1A 2RA 01-623 8893

Great Winchester	18.8	20.9xd	.....	8.30
Gt. Winchester O'seas	30.8	34.2xd	.....	3.40

For Emson and Dudley see Robert Fraser Tst. Mgmt.

Equity & Law Un. Tr. M. (a) (b) (c)
Amersham Rd., High Wycombe. 0494 33377

Equity & Law	95.7	100.7	+0.3	4.34

Fidelity International Management Ltd.
62-63 Queen St, London EC4 1AD 01-248 4891

American (z)	49.0	46.3	-0.9	0.46
Amer. Spec. Sits. (z)	31.8	34.3	-0.6	0.09
Gilt + Fixed Int.	22.5	23.6xd	-0.6	13.30
Growth + Income	34.3	36.9	+0.1	6.95
Maximum Inc. Eq. Tst.	29.8	32.1	+0.1	8.44
Special Sits.	43.0	46.3	-0.1	1.61

James Finlay Unit Trust Mngt. Ltd.
10-14, West Nile Street, Glasgow. 041-204 1321

J. Finlay Internat'l.	44.2	47.5	+1.0	1.20
Accum. Units	55.0	59.3	+1.2	1.20
J. Finlay High Income	37.3	40.1	+0.3	9.06
Finlay Wld. Energy	19.3	20.7	-0.2	1.17
Accum. Units	24.9	26.8	-0.2	1.17

INSURANCE PROPERTY BONDS

OFFSHORE & OVERSEAS FUNDS

Continued on previous page

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

Five to Fifteen Years

Over Fifteen Years

Undated

INT. BANK AND O'SEAS GOVT. STERLING ISSUES

CORPORATION LOANS

COMMONWEALTH AND AFRICAN LOANS

LOANS

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

AMERICANS

CANADIANS

BANKS AND HIRE PURCHASE

Hire Purchase, etc.

BEERS, WINES AND SPIRITS

BUILDING INDUSTRY, TIMBER AND ROADS

CHEMICALS, PLASTICS

DRAPERY AND STORES

ELECTRICALS

ELECTRICALS—Continued

ENGINEERING MACHINE TOOLS

FOOD, GROCERIES, ETC.

FOOD, GROCERIES—Cont.

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

INDUSTRIALS—Continued

[illegible]

INSURANCE

[illegible]

INSURANCE—Continued

[illegible]

LEISURE

[illegible]

MOTORS, AIRCRAFT TRADES

Motors and Cycles

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPERS, PRINTING ADVERTISING

[illegible]

PROPERTY

[illegible]

PROPERTY—Continued

[illegible]

SHIPPING

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

INVESTMENT TRUSTS—Cont.

[illegible]

Finance, Land, etc.

[illegible]

OIL AND GAS

[illegible]

OIL AND GAS—Continued

[illegible]

OVERSEAS TRADERS

[illegible]

RUBBERS AND SISALS

[illegible]

TEAS

India and Bangladesh

[illegible]

Sri Lanka

[illegible]

Africa

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

O.F.S.

[illegible]

Finance

[illegible]

Diamond and Platinum

[illegible]

Central African

[illegible]

MINES—Continued

Australian

1981 High	Low	Stock	Price	+ or –	Div. Net	C'vr	Y'ld Gr's
45	32	Acmex 50c	42	......	Q2.5c	—	3.7
41	14	ACM 20c	34	+4	—	—	—
21	11½	Argosy Gold NL 25c	14	......	—	—	—
229	137	Bond Corp.	214	+14	Q7½c	1.9	2.1
104	76	Bougainville I Kina	92	+2	Q25.6	1.0	17.0
302	214	CRA 50c	254	......	Q19c	1.7	4.6
25	16	Canada Northwest	16	......	—	—	—
[illegible]							

Tins

[illegible]

Copper

[illegible]

Miscellaneous

1981 High	Low	Stock	Price	+ or –	Div. Net	C'vr	Y'ld Gr's
[illegible]							
55	40	Barymin	47	–3	—	—	—
25½	14	Burma Mines 10p	18	–1	0.75	0.9	6.0
330	180	Colby Res. Corp.	270	......	—	—	—
275	200	Cons. Murch. 10c.	230	......	tQ30c	1.8	7.5
98	58	††Hemerdon 10c.	58	......	—	—	—
180	135	Highwood Res.	150	–10	—	—	—
400	300	Northgate C$1	340	......	—	—	—
580	372	R.T.Z.	525	–3	16.0	3.2	f7.9
£125	£93½	[illegible]	£120	......	Q9½%	—	f8.2
*51	32	††SPO Minerals 10p	32	......	—	—	—
47	27	Sabina Inds. C$1.	27	–1	—	—	—
44	28	††SWCM 10p	37	+1	—	—	—
555	465	Tara Exptn. $1	555	+5	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ɸ Figures or report awaited.
- ✥ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Dealt in under Rule 163(2)(a); not listed on any Stock Exchange and not subject to any listing requirements.
- ‡‡ Dealt in under Rule 163(3).
- \# Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♠ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ** Regional price.
- ‖ No par value.

§§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. ★★ Available only to UK pension schemes and insurance companies engaged in pension business. a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1981-82. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1982. K Figures based on prospectus or other official estimates for 1981-82. M Dividend and yield based on prospectus or other official estimates for 1980. N Dividend and yield based on prospectus or other official estimates for 1981. P Figures based on prospectus or other official estimates for 1982. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

			IRISH		
Albany Inv. 20p	44	......	Conv. 9% '80/82	£91⅞	......
Bertam	11	......	Nat. 9¼% 84/89	£69⅝	......
Bdg'wtr. Est. 50p	475	......	Fin. 13% 97/02	£80¼	......
Craig & Rose £1	£12½	......	Alliance Gas	69	......
Finlay Pkg. 5p	21	......	Arnott	235	......
Graig Ship. £1	£23	+2½	Carroll (P.J.)	85	......
Higsons Brew	70	......	Concrete Prods.	93	......
Holt (Jos) 25p	485	......	Helton (Hldgs.)	30	+1
I.O.M. Stm. £1	162	+4	Ins. Corp.	400	......
Pearce (C. H.)	800	......	Irish Ropes	43	......
Peel Hldgs.	100	......	Jacob	59	......
Sheff. Refrshmt.	97	......	T.M.G.	15	......
Sindall (Wm.)	195	......	Unidare	100	......

OPTIONS

3-month Call Rates

Industrials					
A. Brew	6½	House of Fraser	14	Utd. Drapery	6½
BOC Intl.	11	I.C.I.	20	Vickers	18
B.S.R.	7	"Imps"	7	Woolworths	6
Babcock	11	I.C.L.	6	**Property**	
Barclays Bank	36	Ladbroke	30	Brit. Land	8
Beecham	18	Legal & Gen.	20	Cap. Counties	11
Blue Circle	35	Lex Service	10	Land Secs.	37
Boots	20	Lloyds Bank	28	MEPC	20
Bowaters	24	"Lots"	4½	Peachey	15
Brit. Aerospace	17	London Brick	7	Samuel Props.	13
B.A.T.	25	Lucas Inds.	18	Town & City	2¼
Brown (J.)	9	"Mams"	20	**Oils**	
Burton Ord.	14	Mrks. & Spncr	11	Brit. Petroleum	33
Cadburys	7½	Midland Bank	26	Burmah Oil	16
Courtaulds	7	N.E.I.	8	Charterhall	5
Debenhams	10	Nat. West. Bank	32	KCA	22
Distillers	17	P & O Dfd.	12	Premier	7½
Dunlop	8½	Plessey	26	Shell	32
Eagle Star	25	Racal Elect.	34	Tricentrol	30
F.N.F.C.	3	R.H.M.	5	Ultramar	44
Gen. Accident	30	Rank Org. Ord.	18	**Mines**	
Gen. Electric	60	Reed Intnl.	25	Charter Cons.	21
Glaxo	28	Sears	5	Cons. Gold	45
Grand Met.	18	Tesco	5½	Lonrho	9
G.U.S. 'A'	44	Thorn EMI	30	Rio T. Zinc	45
Guardian	30	Trust Houses	15		
G.K.N.	15	Tube Invest.	18		
Hawker Sidd	25	Turner & Newall	10		
		Unilever	50		

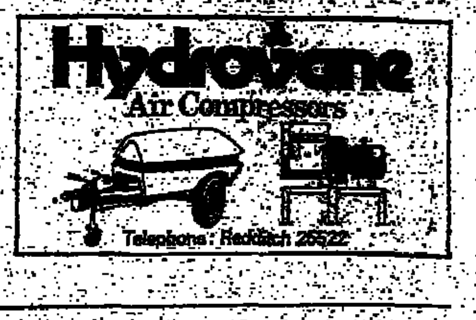
A selection of Options traded is given on the London Stock Exchange Report page

"Recent Issues" and "Rights" Page 38

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of [illegible] per annum for each security

FINANCIAL TIMES

Thursday July 16 1981



Go-ahead for riot gas and plastic bullets

BY RICHARD EVANS, LOBBY EDITOR

MR WILLIAM WHITELAW, the Home Secretary, confirmed in the Commons yesterday that CS gas and plastic bullets are to be available to UK police forces for use against rioters in cases of extreme need.

But the Home Secretary gave a clear hint that ministers do not intend to introduce fresh legislation this session to restore the Riot Act as a means of helping the police dispel rioting mobs.

Mr Whitelaw's surprise statement to MPs came in response to demand from the Opposition that full information should be given to the Commons before today's major debate on the recent civil disturbances.

When he opens the debate the Home Secretary will spell out in greater detail the options chosen by ministers to give the police added protection and the effect of the disturbances on the penal system.

The Cabinet will meet before the debate to confirm—the Government's response to the street violence in more than a dozen cities in the past two weeks.

Tuesday night was the quietest since the rioting began. More than 100 plain-clothes and uniformed police sealed part of Brixton in south London and raided houses looking for petrol bombs and illegal drinking premises. Seven people were arrested.

The incident gave rise to a call by Mr Ted Knight, the Lambeth Council leader, for Mrs Thatcher to visit Brixton after, what he called, these "outrageous raids."

Police chiefs from Britain's riot hit cities including London, Liverpool, Manchester, the West Midlands and West Yorkshire met Home Office officials in London to discuss the outbreks of violence and the best means of combating them. They also met Mr Whitelaw during the talks.

Ministers are anxious to improve co-ordination of policies toward inner cities areas, as well as to provide more adequate equipment for the police.

Mr Michael Heseltine, Environment Secretary, is expected to announce when he winds up today's debate that he intends to become more closely involved in the urban problems of areas such as Liverpool, which has experienced the worst of the rioting.

The controversial issue of substantial new funds for young unemployed people was discussed by a meeting of ministers at Downing Street last night but no conclusion was reached. The subject will be on the agenda of today's Cabinet meeting, but a decision is again unlikely. Ministers say they need more time to study the various options.

In his statement Mr Whitelaw said an increasing number of special helmets were being provided for police and fire-resistant overall sand lighter shields had been ordered.

He said: "It is firmly the view of the chief officers who have been most closely involved that their most effective approach lies in training their officers and developing their tactics for mobile and positive public order policing."

He said there might be extreme circumstances in which further equipment would be required for dealing with riots, and he had decided to make a range of alternatives available.

Different types of water cannon were being studied by police forces, additional protection was being provided for police vehicles and the need for specially protected vehicles was being urgently examined.

"This brings me to CS gas and plastic bullets," Mr Whitelaw said. "Neither I nor chief officers wish to see these used except in the very last resort and under strict control, but they should be available. Stocks of CS gas have, therefore, been reviewed and appropriate groups of officers will be trained in the proper use of plastic bullets."

Mr Roy Hattersley, Shadow Home Secretary, said that the whole House wished the police to be provided with sufficient means to protect themselves, but Labour MPs were deeply opposed to equipment and techniques which changed the character of the British police and broke down their traditional relationship with the people they served and protected.

Urgent remedies plea, Page 8; Riot equipment control, Page 10

Canadian Pacific to buy paper group

By Robert Gibbens in Montreal

CANADIAN PACIFIC the diversified transport and industrial group is buying Canadian International Paper from its U.S. parent International Paper, for C$1.1bn (£488m) cash.

The deal with make Canadian Pacific the second largest newsprint producer in Canada after Abitibi-Price, owned by Olympia and York Developments, which has more than 2m tonnes capacity.

During the past two years, Candian Pacific has sold its 13 per cent interest in MacMillan Bloedel, Canada's largest forest products company, and bought the Dryden Mill in Ontario from Reed of Britain. It has embarked on a major expansion programme at its Great Lakes forest products subsidiary in north west Ontario.

Canadian Pacific also retains interests in British Columbia through Pacific Forest Products, a major lumber producer.

Canadian Pacific, Canada's largest company in terms of assets, is acquiring CIP through its 71 per cent-owned subsidiary, Canadian Pacific Enterprises, wihhc groups all its non-transport interests.

Canadian International Paper's sales last year were C$1.2bn. Its pre-tax earnings were about C$150m. Analysts estimate its earnings after tax were about $90m, suggesting that Canadian Pacific is paying about 12 times earnings, or a good premium, for CIP.

CIP owns 16 mills and paper products plants in Quebec, Ontario and the maritime provinces. With a newsprint capacity of nearly 1.2m tonnes.

Analysts here believe the heavy spending required on some CIP mills could put some pressure on Canadian Pacific's pulp and paper group earnings in the short term.

International Paper said in New York that CP made "a very attractive offer, and this was the principal reason for the sale.

There is speculation in the industry that International Paper may decide to get out of newsprint altogether.

International Paper, is expected to use the proceeds from the deal towards its own investment programme, and to take advantage of other opportunities.

White House expects economic upturn by early next year

BY REGINALD DALE, U.S. EDITOR, IN WASHINGTON

THE U.S. economy will continue its present sluggish course for the next few months, Mr Murry Weidenbaum, chairman of President Reagan's Council for Economic Advisers, said yesterday. But he forecast an upturn early in 1982 if not later this year.

Mr Weidenbaum, who was presenting the official mid-year review of the U.S. economic outlook, said any upturn would continue as Mr Reagan's economic programme began to take effect. The growth rate was at present hovering around zero, he said, but the economy was "essentially healthy."

The mid-year report adjusted the 1981 real growth forecast upwards to 2.6 per cent from the 1.1 per cent estimated in February. But this reflected an unexpectedly strong burst of growth in the first quarter, rather than prospects for the rest of the year.

Further evidence of the summer slowdown came with the latest industrial production figures, published yesterday. They showed a slight decline of 0.1 per cent in June. The June index was 7.9 per cent above the level 12 months ago, reflecting the extent of last year's recession.

Mr Weidenbaum said that, by the fourth quarter of next year, the country's gross national product should be roughly 5 per cent higher than in the final quarter of 1981, with the consumer price index rising slightly over 6 per cent.

The initial forecasts for this year's inflation, just 11 per cent year-on-year, had proved too pessimistic. Mr Weidenbaum said. The mid-year report revised the expected rise in consumer prices downwards to just under 10 per cent, with an 8 per cent projection for 1982.

These lower inflation rates would soon result in lower interest rates, Mr. Weidenbaum predicted. All the conditions were ripe for expecting a significant redution in rates, as the markets, which were "basically rational," responded to the decline in inflation and to the knowledge that the Administration was "determined to stay the course" with monetary and fiscal restraint.

Wage rise rate slows further

BY DAVID MARSH

THE RATE of increase of average earnings is slowing further. Pay rises agreed in industry this summer are settling in the region of 10 per cent, according to official figures yesterday.

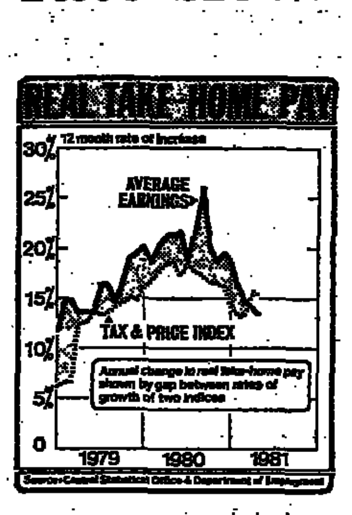
This is leading to a fresh fall in real take-home pay, as the cost of living measured by the Government tax and price index has recently been accelerating.

The Department of Employment reported that the index of average earnings across the whole economy rose by 13.2 per cent in the 12 months to May, a fall from 13.9 per cent in April, and the lowest yearly increase for three years.

Officials expect the annual rate of increase to fall slightly more in coming months.

In line with the tightening labour market, the rate has fallen steadily since the peaks of over 20 per cent last autumn.

It compares with an annual increase of 15.3 per cent in the tax and price index in May. This index shows the rise in pre-tax earnings needed by the average wage-earner to maintain real (inflation-adjusted) value of take-home pay.



The tax and price index has grown faster than the retail price index, which rose by 11.7 per cent in the year to May.

This reflects the effective increase in income tax decided in the March Budget, as well as the rise in national insurance contributions in April.

If the present trend of pay agreements holds the wage round which ends in August will produce an overall average increase in earnings of about 11 per cent over the 12 months.

The position is clouded by later settlements this year, partly reflecting the delay in reaching agreement over Civil Service pay.

The Department's earnings index rose by 0.25 per cent in May compared with April to 200.0 (seasonally adjusted, January 1976=100).

The underlying monthly increase, after allowing for factors like delayed settlements, is estimated at about 0.75 per cent, about the same as in previous months.

This would put the average level of settlements in recent months at about 10 per cent, similar to the level reported by the CBI.

In its monthly report on pay settlements the CBI said yesterday that wage rises agreed in manufacturing industry still averaged about 8 to 9 per cent, as in previous months.

Settlements were slightly higher in service industries, ranging from 9.5 in retailing to 11 per cent in insurance, banking and finance, and the catering and leisure trades.

Coal Board pension funds drop Congen bid

By Andrew Taylor

THE NATIONAL Coal Board pension funds have abandoned their bid to acquire Connecticut General Mortgage and Realty Investment Trust in the face of a higher offer from Prudential Insurance Company of the U.S. The funds' offer of $267m (£142m) lapsed yesterday.

Prudential's offer values Connecticut General (Congen), one of the largest and most successful U.S. real estate investment trusts, at $340m.

The Coal Board funds — representing separately manual and white collar workers —had bid $33 for each Congen ordinary share compared with Prudential's offer of $42 a share.

Mr Hugh Jenkins, director general of investments for the Coal Board funds, said last night that the funds would not be improving their terms.

Congen, which strongly opposed the pension funds' bid, is recommending shareholders to accept Prudential's offer. It is the second major takeover deal by the Prudential this year.

In March the insurance company made an agreed $385m offer for Bache Group, one of the leading Wall Street brokerage houses.

Weather

UK TODAY

CLOUDY with some rain, brighter later. Becoming cooler.

London, S.E. England, Central Southern England, Midlands
Drizzle, becoming bright. A few showers developing. Max. 20C (68F).

N. England, S.W. England, Borders, Most of Scotland, Wales, E. England
Cloudy with occasional showers and bright intervals. Rather cool. Max. 18C (64F).

Orkney and Shetland
Occasional showers. Bright or sunny intervals. Rather cold. Max. 12C (54F).

Outlook: Sunny intervals and scattered showers, mainly in the North and East. Rain later in the West. Cool at first, becoming warmer in the West.

WORLDWIDE

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	F	28	79	L. Ang.†	F	21	70
Algiers	S	28	82	Luxmbg.	C	18	64
Amsdm.	S	19	66	Luxor	S	43	109
Athens	S	30	86	Madrid	S	31	88
Bahrain		—	—	Majorca	S	29	84
Barclna.	S	27	81	Malaga	S	28	82
Beirut	S	29	84	Malta	S	28	82
Belfast	C	15	59	M'chstr.	C	15	59
Belgrd.	R	19	66	Melbne.		—	—
Berlin	R	18	64	Mx. C.†		—	—
Biarritz	F	21	70	Miami†	S	28	82
Bmghm.	F	20	68	Milan	F	27	81
Blackpl.	C	15	59	Montrl.†	S	18	64
Bordx.	C	23	73	Moscow	F	29	84
Boulgn.	C	15	59	Munich	C	17	63
Bristol	C	18	64	Nairobi		—	—
Brussels	F	18	64	Naples	F	30	86
Budpst.	S	25	77	Nassau		—	—
Cairo		—	—	Nwcstl.	C	17	63
Cardiff	F	19	66	N York†	S	21	70
Cas'b'ca	S	24	75	Nice	S	27	81
Cape T.		—	—	Nicosia		—	—
Chicg.†	C	23	73	Oporto	S	33	91
Cologne	C	18	64	Oslo	F	17	63
Cpnhgn.	C	17	63	Paris	C	20	68
Corfu	S	30	86	Perth		—	—
Denver†	C	18	64	Prague	C	15	59
Dublin	C	16	61	Reykjvk.	F	11	52
Dbrvnk.	T	28	82	Rhodes	S	27	81
Ednbgh.		—	—	Rio J'o.		—	—
Faro		—	—	Rome	F	28	82
Florence	F	31	88	Salzbrg.	C	16	61
Frankft.	F	19	66	S F'cisc†	F	10	50
Funchal	S	24	75	S. Moritz		—	—
Geneva	S	24	75	Singapr.		—	—
Gibraltar	S	25	77	S'tiago		—	—
Glasgow	C	14	57	Stckhm.	C	15	59
G'rnsey	C	17	63	Strasbg.		—	—
Helsinki	C	16	61	Sydney		—	—
H. Kong		—	—	Tangier	S	31	88
Innsbrk.	C	18	64	Tel Aviv	S	28	82
Invrnss.	R	16	61	Tenerife	S	29	84
I.o.Man		—	—	Tokyo		—	—
Istanbul	C	25	77	T'ronto†	S	18	64
Jersey	C	17	63	Tunis	S	30	86
Jo'burg		—	—	Valencia	S	29	84
L. Plms.	S	24	75	Venice	S	26	79
Lisbon	S	33	91	Vienna	R	30	88
Locarno		—	—	Warsaw	F	20	68
London	C	19	66	Zurich	S	22	72

Hamilton Oil shares offer flops

BY IAN RODGER

THE PUBLIC offer last week of 20 per cent of the shares of Hamilton Oil Great Britain for £14m has flopped.

The company, a subsidiary of Hamilton Brothers of the U.S., brought Britain's first North eSa oil field into production six years ago, and is exploring for further reserves in and around the Argyll field.

The offer of 10m shares attracted applications for only 2.19m. The remaining shares will be taken up by the under writers.

Kleinwort, Benson, which underwrote the offer, said it got caught in the uncertainty around the huge £624m British Petroleum rights issue, for which subscriptions were due on Monday. ... ...An alternative date was considered but the que of companies seeking to raise funds was such that the next possible date for the offer would have been late in September.

Another small oil share offer, by Jackson Exploration, a U.S. company, flopped last week, attracting only applications for only 38 per cent of the shares.

Dealings in the Hamilton shares begin on the Stock Exchange on July 21.

Continued from Page 1

Recording

by Mr Michael Kuhn, chairman of the British Videogram Association's Rights committee, he strongly criticised the likelihood of further delays till copyright law is changed.

The British Phonographic Industry (BPI), the trade body representing most of the manufacturers, said it was surprised the Government had rejected proposals to put a levy on equipment and tapes to make up for "devastating" losses incurred due to home taping.

Sir Joseph Lockwood, president of the BPI said: "The Government has shown no willingness in this Green Paper to recognise the realistic needs of the British music industry. Furthermore the Government's suggestion can only undermine investment and employment opportunities in one of Britain's major export earning industries."

At the same time, some record companies warned that the suggestion that the bulk of their revenues would have to come from broadcasting and other public performances implied they would have to achieve higher revenues from the broadcasters, which would ... mean a higher ... the BBC. Last ... com-

Polish leader election changed

BY CHRISTOPHER BOBINSKI AND ROGER BOYES IN WARSAW

THE EXTRAORDINARY Congress of the Polish Communist Party yesterday broke with more than 60 years of communist tradition by voting for revolutionary changes in the way it chooses a new party leader.

Delegates rejected a plan to vote directly for the new party leader, which was put forward mainly by supporters of the present incumbent, Mr Stanislaw Kania. They voted instead to elect a new, enlarged central committee of 200 people.

A list of 300 candidates was being drawn up and secret elections prepared last night. Once elected the Central Committee itself will draw up a list of candidates for the post of party first secretary. This list in turn wil be put to all the 1,964 deelgates for another secret vote to select the leader.

A choice of candidates is a feature of Communist de... In the past party leaders have been chosen at secret meetings of the Politburo, which is therestricted executive body of the Central Committee, and then presented to the full Central Committee for formal ratification.

Only on rare occasions has the Committee itself played a key role in party leadership matters.

Mr Khrushchev once managed to reverse a Politburo decision to oust him by calling an emergency Central Committee meeting packed with his own supporters. This overturned the Politburo decision and expelled Mr Krushchev's opponents from the Politburo.

Mr Kania remains the front-runner for reconfirmation as party first secretary. Should he make a poor showing in the elections however, his position would be weakened and the way could then be open for other candidates.

Mr Mieczyslaw Rakowski, the Deputy Premier in charge of relations with the trade unions, improved his own chances of emerging as the reformers' choice with a powerful speech which was enthusiastically received by the floor.

"We must stop being afraid of taking the initiative on reforms," he said. "We have the chance of turning Poland from the sick man of Europe into one of the sources of inspiration for socialism."

Discussion was still raging last night as to whether Congresse should question Central Committee candidates on their views and political orientation. Both reformist and hard-line supporters have been arguing for such an open discussion.

Hard-line opponents of Mr Kania, could weaken Mr Kania's position by asking about his personal responsibility for the mistakes of the last ten years during which he was a leading member of the hierarchy.

THE LEX COLUMN

Northerners go APE hunting

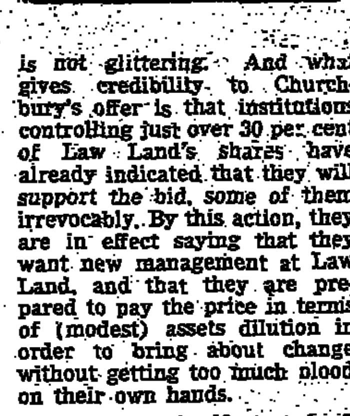
In the four years of its existence, Northern Engineering Industries has scored more marks for strategy than for financial achievement. Of course trading has not been easy, but NEI's real returns—in the last two years at least—have been negligible, it has not generated any cash, and dividends per share have risen at less than half the rate of inflation. But it has bought plenty of businesses, and issued plenty of shares: if shareholders of Amalgamated Power Engineering accept NEI's paper for yesterday's £26m bid, rather than its cash, NEI's issued capital will have risen by 80 per cent (adjusting for the 1979 scrip) in three years.

NEI was put together in order to create a major force in power engineering, though recent moves—particularly the acquisition of Extel Corporation, a U.S. electronics company—suggested that diversification had become the new strategic aim. Yet the bid for APE is a return to the basic business, and the talk is not of third leg but of complementary products and the ability to offer a more complete package to customers, in process plant for instance.

APE's business is highly cyclical; the dividend was cut last year when profits were below £2m pre-tax for the second year running, but an upturn led by some big overseas orders should see it back over £3 this year, and probably higher next.

Despite this recovery, it will be hard for it to fight off a cash offer of 140p a share which compares with an APE share price of 89p a week ago, before some inspired buying pushed it up to 109p. Whatever the mix of shares and cash, there is unlikely to be much dilution of NEI's earnings per share in the short run if the bid goes through, and all the industrial arguments may make excellent sense. NEI shareholders will certainly want to see a good return soon on all this empire-building.

Index rose 1.8 to 533.7



Law Land bid

It was like the good old days yesterday, as dynamic little Churchbury Estates (market capitalisation on Tuesday, £10.8m) slapped in a cheeky all-equity offer for Law Land (market capitalisation £37.2m), which is the free world's longest standing takeover candidate. The stock market's reaction was like something out of the early 1970s, too. The combined value of the two companies jumped 15 per cent on the day.

Law Land's record, in terms of dividend and assets growth, is not glittering. And what gives credibility to Churchbury's offer is that institutions controlling just over 30 per cent of Law Land's shares have already indicated that they will support the bid, some of them irrevocably. By this action, they are in effect saying that they want new management at Law Land, and that they are prepared to pay the price in terms of (modest) assets dilution in order to bring about change without getting too much blood on their own hands.

Churchbury itself started off with nearly 9 per cent of the equity under its belt, and its friends appear to have bought several per cent more in the market yesterday. So it is going to be difficult for Law Land to fight off this bid with conventional tactics, like the promise of higher dividends or by pointing out that Churchbury is picking up assets on the cheap. Its other option might be to turn to someone bigger and more friendly than Churchbury, which breezily admits that it plans to carve its victim up. There is little doubt that if it does win on hese terms, Churchbury will have pulled off a coup.

Textiles

The agony of the textiles industry continues, with Akzo yesterday finally pulling the plug on its chronically loss-making Ulster offshoot British Enkalon, and Stone-Platt shutting another of its Lancashire textile machinery factories—Bolton has met the fate suffered by Oldham last year.

Yet these closures do not imply another twist of the industry's downwards spiral. In general, demand has not weakened much further this year, though equally there has been no significant revival. There is just a hint that some order books are a little better for the second half, but the only real source of encouragement for the industry so far has been in the weakness of sterling.

It will take a sustained recovery in activity to do any good for Stone-Platt, given that the machinery cycle lags so far behind the textile demand cycle, and UK demand has virtually dried up. A recent further drop in machinery prices on the international market has forced it to decide that it can no longer run two UK factories in the Platt Saco Lowell division when the current £30m or so of output (against £70m at the peak in the late 1970s) can be handled by one. Any future international growth will be shared by the still profitable plants in the U.S. and Spain, as Stone-Platt logically follows its markets overseas.

The further costs of this cutback plainly will make it even harder for Stone-Platt to achieve its target of breaking even in 1981. The shares are hovering at the year's low of 14p.

At British Enkalon, in the red for six successive years, the end has come after a lengthy haggle over Government handouts. Akzo will be picking up the tab for a shareholders' deficiency which will now be much more than the £5m indicated last March. But presumably the loading of its Continental plants will be boosted.

Birmid Qualcast

Birmid Qualcast's first half year shows a decline from £4.9m of profit to a £1.7m pre-tax loss, but that represents a happier performance than the second half of last year, when the group lost £4.8m and wrote off £10.2m below the line. The improvement partly reflects the spring pick-up in lawnmower sales, and partly the elimination of susbtantial losses in the foundries and at Birmetals.

But what remains of Birmid's foundry division is still losing money, and likely to go on doing so at the present level of demand, while the irrigation and scaffolding businesses are also in the red. In the second half Birmid as a whole may trade breakeven, and its capital gearing is stable with debt roughly half equity; closure costs have been offset by working capital reductions. On a share price of 21½p, down 1½p yesterday, the market capitalisation is £14.1m, less than a quarter of book net worth.

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